

QUICKSTEP JOINS THREE-WAY INTERNATIONAL VENTURE TO LAUNCH COMPOSITES MANUFACTURING FACILITY IN INDIA

- **MOU signed with India's NTF and Japan's Avanti to establish Quickstep manufacturing facility in India as the basis for a long-term growth business.**
- **Quickstep to license to NTF the technical know-how to manufacture parts using its patented technology.**
- **A QS20 production machine to be supplied, targeting commercial-scale operations by the end of 2006.**
- **New venture to target manufacturing contracts for the supply of interior composite components for passenger rail coaches.**
- **Strong leverage to mass transit opportunities in rapidly growing Indian market and export to other markets.**

Australian advanced materials group Quickstep Holdings Limited (ASX: QHL – “Quickstep”) today announced a landmark three-way composites manufacturing venture in India after signing a Memorandum of Understanding (MOU) with New Delhi-based composite components group, NTF (India) Private Ltd (“NTF”), and first-tier Japanese industrial materials supplier, Avanti Corporation Ltd (“Avanti”), to establish a manufacturing facility utilising Quickstep’s patented composites manufacturing technology and target opportunities in India’s rapidly growing mass transit and infrastructure sectors along with export to other market places.

The MOU – which signals Quickstep’s first growth step into one of the world’s most economically dynamic countries – is aimed at having a commercial-scale Quickstep production facility operational in India by the end of 2006. It also lays the foundation for a longer-term cooperation between the three signatories in targeting and securing potentially significant manufacturing contracts for the supply of interior panels for rail coaches made of advanced composite materials.

NTF is an advanced composite component manufacturer to the automotive industry of India. NTF also manufactures components for various other sectors, including mass transit rail, medical equipment and wind energy industries.

Avanti is a first-tier manufacturer and wholesale supplier of special materials and components to the Japanese rolling stock industry, which is targeting growth opportunities in the rapidly growing Indian market.

Quickstep brings its patented composites manufacturing technology, know-how and expertise to the three-way venture. Quickstep’s technology dramatically reduces the time and cost of composites manufacture compared with traditional methods, utilising an innovative, fluid-based curing technology.

Quickstep’s CEO, Mr Nick Noble, said India represented an exciting strategic opportunity for Quickstep, given the country’s rapid economic growth and significant ongoing investment in infrastructure and mass transit systems.

Examples of this include the world-class Delhi Metro system, which was officially opened in December 2004 and is currently being expanded as one of several major infrastructure projects ahead of the 2010 Commonwealth Games.

“This strong economic growth and rapid expansion in infrastructure is creating significant opportunities, particularly for companies with manufacturing capabilities and technological expertise in the supply of advanced materials to the rail, aerospace, aeronautical and other mass transit industries,” Mr Noble said.

“The landmark MOU announced today with NTF and Avanti brings together companies with a significant depth of expertise and strong track records in these industries.”

Under the terms of the in-principle agreement, which initially runs for a period of five years, Quickstep will license its technical know-how to manufacture components using the patented Quickstep Process and supply NTF with a Quickstep QS20 composites production machine, along with ongoing technical support, to enable NTF to produce composite components for the railway, aerospace, medical and other relevant sectors.

NTF will supply all local infrastructure to establish and run the business, and will also be responsible for securing contracts and generating business from within India and other markets.

Avanti will provide industry specific knowledge based on its experience in developing systems, products and materials for commuter and high-speed trains. Avanti will also provide support and materials to ensure the smooth operation of the business and facilitate further expansion. All three parties have agreed to cooperate to generate business opportunities to ensure the QS20 machine is fully utilised.

A separate agreement will be entered into covering the commercial aspects with the key terms of this agreement being disclosed once finalised.

Mr Noble said the venture would target opportunities for the manufacture of components that are difficult and/or expensive to produce using traditional composite manufacturing techniques.

“The Quickstep system is ideally suited to manufacturing durable, high-quality coach interior composite parts that meet the highest standards in fire and smoke safety,” Mr Noble commented. “There are numerous exciting opportunities in the Indian market, such as the Delhi Metro expansion, which will be targeted by the newly established manufacturing venture.”

Quickstep’s move into India represents a further important step in the global commercialisation of its manufacturing technology. The Company already has pilot production facilities at the Victorian Centre for Advanced Materials Manufacturing (VCAMM) in Geelong and the Northern Aerospace Technology Exploitation Centre (NATEC) in Manchester, England in conjunction with the University of Manchester.

Last week, Quickstep announced a landmark collaboration with America’s National Composite Center (NCC), for the establishment of a Quickstep Center of Excellence in Dayton, Ohio, to showcase its technology to the largest automotive, aerospace, marine and infrastructure companies in North America.

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Background on Quickstep Holdings Limited

Perth-based **Quickstep Holdings Limited** (ASX Code: **QHL**) is an advanced materials company which listed on the Australian Stock Exchange in 2005 following a successful A\$6 million IPO to underpin the worldwide commercialisation of an innovative, fully proven Australian composites manufacturing technology with application in the multi-billion dollar aerospace and automotive industries as well as other mid-tier market segments.

Composites combine high strength with light weight and are key materials in aerospace, automotive, marine, defence, public transport and industrial applications. The global composites parts market is growing strongly, reflecting a shift towards the greater use of composites as an increasingly desirable replacement for metals in many applications because of their high strength and reduced weight.

Quickstep's unique and patented Quickstep Process is an innovative fluid-based curing technology that significantly reduces the cost and time involved in the production of composites compared with conventional processes. Quickstep has been at the leading edge of the growing need to reduce part costs since the early 1990s, with a significant investment in the development of the Quickstep Process over the past decade.

Quickstep already has fully automated Quickstep pilot production facilities operating at three separate locations in Japan, a second at the Victorian Centre for Advanced Materials Manufacturing (VCAMM) in Geelong, and a third at the Northern Aerospace Technology Exploitation Centre (NATEC) in Manchester, England in conjunction with the University of Manchester. A fourth plant is due to be commissioned at the National Composites Center in Dayton Ohio in late 2006.

Global alliances are also in place with major international advanced materials suppliers such as Toray Composites (in the USA and Japan) and German-based industrial chemicals and performance materials giant Degussa AG, alongside R&D and Applications Development Agreements with groups such as VCAMM.

Quickstep's business model is to generate multiple revenue streams from equipment and licence sales to major aerospace, automotive and marine manufacturers; joint venture arrangements and co-branding and co-marketing agreements with leading composites manufacturers, Original Equipment Manufacturers (OEM's), Tier One suppliers and alliance partners; and contract and in-house manufacturing operations and sales utilising the Quickstep Process.

Background on NTF (India) Private Ltd

Since inception in 1984, NTF (India) Private Ltd ("NTF") has established itself as an advanced composite component manufacturer to the automotive industry of India. NTF also manufactures components for various other sectors, including mass transit rail, medical equipment and wind energy industries.

NTF is an ISO/TS 16949:2002 and ISO-9001:2000 certified company which has successfully attained single-source status in India for many of the composite components manufactured by VARTM, thermo-compression, RIM and injection-moulding processes. As such, it is now India's established manufacturer and supplier of light-weight reinforced plastics/other composites in sandwich/mono construction to the automotive, rail and alternative energy markets in India. The Company has had recent successful forays into new markets including the design and production of new glass reinforced plastic composites for automotive, rail, wind energy, medical and defence industries.

NTF has recently launched its new division for the design and manufacture of car-styling kits for OEM's and the automotive after-market in India, and is poised to launch this on a mass-scale for the first time in the country's history.

Background on Avanti Corporation Limited

Avanti Corporation Limited ("Avanti") is a specialised industrial materials developer and wholesale supplier of material and components to the Japanese rolling stock industry. Its mission is to supply better, more efficient systems and materials to reduce costs and solve problems for clients. Main clients include Kawasaki Heavy Industries, Nippon Sharyo, Kinki Sharyo and the Japan Rail group. The rolling stock industry has enabled considerable diversification into other industries.

Avanti is also a sub-contractor providing installation services to clients, specifically work related to commuter trains and the Shinkansen.

Avanti is always looking for new materials and products to introduce to the Japanese rolling stock industry.

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