

QUICKSTEP TO FORM INDIAN MANUFACTURING JOINT VENTURE

- **Original MOU (April 2006) for new low-cost Indian manufacturing centre being upgraded from royalty participation to joint venture participation**
- **The parties are already bidding on international projects**
- **Aiming to win initial multi-million dollar contract by end of August 2006 for fire and smoke retardant railcar interiors**
- **Production expected to commence in New Delhi by November 2006**
- **Joint venture extends Quickstep's market presence and provides established, local marketing and delivery partners in the Indian and Japanese markets, with an initial focus on mass transit systems**

Quickstep Holdings Limited (ASX QHL-Quickstep) has announced its intention to establish a low-cost manufacturing centre in India. In conjunction with a leading Indian composites component manufacturer and a first tier Japanese supplier, Quickstep has reached an in-principle agreement to form a joint venture using Quickstep's proprietary technology and equipment.

The joint venture partners have identified and are now bidding on specific manufacturing opportunities in India and Australia. There is an immediate multi-million dollar opportunity in India's rapidly growing mass transit and infrastructure sectors relating to the manufacture and supply of interior panels for rail coaches made from advanced composite materials. Success in obtaining contracts will see the establishment of a Quickstep manufacturing facility in New Delhi.

Opportunities have also been identified in Japan and Australia and Quickstep will be submitting a bid on an Australian contract by the end of July 2006.

The joint venture is with New Delhi-based NTF (India) Private Ltd ("NTF") and Japanese-based Avanti Corporation Ltd ("Avanti"). Quickstep will have at least a 44% ownership stake. The parties will fund the joint venture in accordance with their ownership entitlements. NTF will manage the joint venture on a day to day basis. The structure of the Joint Venture and associated agreements are now being formalised.

This joint venture is specifically for the manufacture of railcar interiors and exteriors. Expansion beyond this market focus will be subject to negotiation amongst the parties.

Under the terms of the joint venture, Quickstep will supply an initial Quickstep QS20 production machine by 31 October 2006. Quickstep will also complete further test work in Perth on sample parts and provide technicians to manage commissioning of the Indian facility by 30 November 2006.

NTF has already built tooling required to manufacture sample parts, and will provide staff for the facility, which will include both existing NTF employees as well as additional local labour.

Quickstep's CEO, Mr Nick Noble, said forming a Joint Venture with NTF and Avanti represented the most effective way for Quickstep to target the immediate opportunities in the Indian and Japanese mass transit and infrastructure sectors. The joint venture also provides a foundation to pursue other opportunities for the Quickstep manufacturing process.

"The Joint Venture partners have already had very encouraging discussions with a number of key potential customers in the mass transit sector, and we expect that the first project undertaken by the Joint Venture group will be a multi-million dollar contract to manufacture and supply interior panels for rail coaches for contracts in the mass transit sector," he said. "We have submitted a bid in India and hope to make an announcement in regard to our first project within weeks."

“The New Delhi facility offers the opportunity to establish an international standard global manufacturing centre with a low cost base, leveraging off the country’s highly competitive labour costs. India has some of the lowest comparative skilled labour rates of anywhere in the world – some US\$0.95 to US\$2.00 per hour in 2005, compared with US\$23.00 per hour in Australia, US\$23.10 per hour in the USA and US\$34.00 per hour in Western Europe,” Mr Noble added.

Mr Noble said the new manufacturing venture would also immediately target value-added opportunities, such as the manufacture of flat panels using a relatively new thermoplastic range of reinforced high-performance composites suitable for use with the Quickstep Process. Because of their lower cost relative to other advanced composites (such as carbon fibre prepreps) these new materials, when used in conjunction with the much increased productivity offered by the Quickstep Process, could open up significant new market segments for the Company.

“In addition, we will explore the possibility of transferring to India part of the manufacturing for Flatout Boats, our recently purchased niche boat-building business. First production is scheduled to commence in Perth during August this year,” he added.

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 in Japan; at the Victorian Centre for Advanced Materials Manufacturing (VCAMM) at Geelong; and at the Northern Aerospace Technology Exploitation Centre (NATEC) in Manchester, England in conjunction with the University of Manchester.

Quickstep recently announced a further extension of its global network through a collaboration agreement with America’s National Composite Center to establish a demonstration centre in Dayton, Ohio, the birthplace of the aircraft industry.

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www.ntfindia.com
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Background on Quickstep Holdings Limited (www.quickstep.com.au)

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.

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 (www.ntfindia.com and www.ntf-design.com)

Since inception in 1984, NTF (India) Private Ltd ("NTF") has established itself as a first-tier OE (original equipment) supplier of interior and exterior parts manufactured using advanced composite materials to major automotive manufacturers in India. NTF has now identified a fast growing market to supply rail car interior and exterior panels and is diversifying its manufacturing to various other sectors, including the locomotive and railway industry, medical equipment manufacturers and the wind energy sector. In recognising the market potential, NTF has also identified that the Quickstep Process will give it a competitive advantage by allowing it to move into higher value added components.

NTF is an ISO/TS 16949:2002 and ISO-900-2000 certified company which has successfully attained single-source status in India for most of the composite components manufactured by VARTM, thermo-compression, RIM and injection-moulding processes 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 GRP composites for automobiles, locomotives, railways, the wind energy sector, tractors, and medical equipment and defence equipment manufacturers.

NTF currently employs 250 workers and expects to expand significantly based on already won contracts. NTF is based in the premier Gurgaon industrial area of New Delhi, which also is home to several internationally based manufacturers.

NTF has recently launched its new division for the design and manufacture of car-styling kits for OEM's and 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 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.

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