

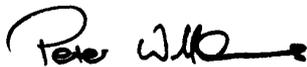
27 February 2009

Companies Announcements Office  
Australian Securities Exchange Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

Please find attached the Company's Half Year Report for the half year ended 31 December 2008, for immediate release to the market.

Yours Faithfully



Peter Williams  
*Company Secretary*

Att.

QUICKSTEP HOLDINGS LTD

ACN 096 268 156

136 Cockburn Road NORTH COOGEE WA 6166

T: +61-8 9432 3200  F: +61-8 9432 3222

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**QUICKSTEP HOLDINGS LTD**

**Appendix 4D**

**Current Reporting Period: 31 December 2008**

**Previous Corresponding Period: 31 December 2007**

**Results for announcement to the Market**

		<u>Percentage Change</u>		<u>\$'000</u>
Revenue from ordinary activities	up	90%	to	182
Loss from ordinary activities after tax attributable to members	up	0%	to	2,892
Net loss for the period attributable to members	up	0%	to	2,892

**Brief explanation of Results**

The loss after tax of the consolidated entity for the half-year was \$2,892,058 (2007: \$2,902,448).

During the period the Group has continued to ready itself for the commercialization phase of its business plan. The result for this period reflects that activity as discussed further below:

- Net Financial Income up by \$385,218, which was primarily a combination of interest income (up by \$40,590) and net foreign exchange gains (up by \$363,376) on US\$ bank accounts, partially offset by an increase in financing expenses (up by \$18,748);
- Administrative and corporate expenses up by \$436,384 principally due to the continuation of an increase in activities across all parts of the business, including the recruitment of new staff; and
- An increase in operational expenses of \$254,549 primarily due to the ramp-up of the company's production capability at its North Coogee facility.

In addition to the above, the Group has invested a further \$3,155,173 in capital expenditure principally to equip the Group's North Coogee premises with a manufacturing capability.

**Dividends**

	Amount per security	Percentage Franked
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
Date the Dividend is Payable:		N/A
Record Date for determining entitlements to the Dividends:		N/A

The company did not declare a dividend during the financial period and has not declared a dividend since the end of the financial period.

**Net Tangible Assets per Security**

As at 31 December 2008	\$0.071
As at 31 December 2007	\$0.104

The half year report is based on accounts that have been subject to an audit review and there is no dispute or qualification with the auditors in relation to these accounts.

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QUICKSTEP HOLDINGS LTD

ABN 55 096 268 156

Interim Report - 31 December 2008

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## Contents

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Interim Financial Report	
Consolidated Interim Income Statement	5
Consolidated Interim Balance Sheet	6
Consolidated Interim Statement of Changes in Equity	7
Consolidated Interim Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	13
Independent Review Report to the Members	14

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Quickstep Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## DIRECTORS' REPORT

---

The directors present their report together with the consolidated financial report for the six months ended 31 December 2008 and the auditors' review report thereon:

### 1. Directors

The directors of the Company at any time during or since the end of the interim period are:

<i>Name</i>	<i>Period of directorship</i>
Mr Mark Jenkins <i>Chairman</i>	Director since 14 July 2005
Mr Philippe Odouard <i>Managing Director</i>	Director since 23 October 2008
Mr Dale Brosius <i>Executive Director</i>	Director since 13 August 2004
Mr Deryck Graham <i>Non-executive Director</i>	Director since 16 June 2001
Mr Peter Cook <i>Non-executive Director</i>	Director since 14 July 2005
Mr Nicholas Noble <i>Former Managing Director</i>	Director from 20 March 2001 to 30 September 2008

### 2. Results

The loss after tax of the consolidated entity for the half-year was \$2,892,058 (2007: \$2,902,448).

During the period the Group has continued to ready itself for the commercialization phase of its business plan. The result for this period reflects that activity as discussed further below:

- Net Financial Income up by \$385,218, which was primarily a combination of interest income (up by \$40,590) and net foreign exchange gains (up by \$363,376) on US\$ bank accounts, partially offset by an increase in financing expenses (up by \$18,748);
- Administrative and corporate expenses up by \$436,384 principally due to the continuation of an increase in activities across all parts of the business, including the recruitment of new staff; and
- An increase in operational expenses of \$254,549 primarily due to the ramp-up of the company's production capability at its North Coogee facility.

In addition to the above, the Group has invested a further \$3,155,173 in capital expenditure principally to equip the Group's North Coogee premises with a manufacturing capability.

### 3. Review of Activities

#### HIGHLIGHTS

- Key manufacturing equipment has been delivered to the North Coogee facility and is currently being installed. The company expects to achieve commercial readiness by March 2009.
- International aerospace and defence executive, Mr. Philippe Odouard, appointed as Quickstep's Chief Executive Officer; and experienced finance professional, Mr. Peter Williams appointed as Chief Financial Officer.
- The company is in the final stages of seeking accreditation for AS9100 aerospace quality standard.
- Several tenders have been lodged for manufacturing contracts with major aerospace companies, with evaluation of the bids currently underway.
- First aerospace parts manufactured at Quickstep's North Coogee manufacturing facility were installed and are now flying.

**Preparation of Quickstep's North Coogee facility for aerospace manufacturing**

During the half year, the company took delivery of a number of key items of manufacturing equipment, including two 8 x 3 metre and one 5 x 2.5 metre autoclaves, a Breton 5 Axis CNC milling machine and a Nitrogen plant. The machinery is currently being installed at Quickstep's headquarters in North Coogee and will play an integral role in the company's aerospace manufacturing capability. The autoclaves will be used to complement the Quickstep process. The three autoclaves will be used for manufacturing a combination of carbon composite tooling and production parts.

The Breton five axis CNC milling machine will have a working envelope of 4.5m x 2.5m x 1.5m, and is believed to be one of the most accurate of its kind in Western Australia. It will enable in-house manufacture of patterns and tooling vital to composite manufacture and provide the capability to machine highly complex geometries demanded by aerospace and automotive applications.

**Appointment of new CEO and CFO**

In September, Quickstep appointed two highly experienced senior executives to lead the company's future growth. Mr. Philippe Odouard was appointed Chief Executive Officer (CEO) and Mr. Peter Williams was appointed Chief Financial Officer (CFO).

The appointment of Mr. Odouard as CEO was a major endorsement of the company's international standing, as he is a well-known industry executive with significant management experience within the global aerospace and defence sectors – both of which are primary target markets for Quickstep's technology.

**Targeting of initial manufacturing contracts**

Over the course of the half year, the company continued to place significant emphasis on identifying and targeting manufacturing contracts to be completed at the North Coogee manufacturing facility.

Quickstep has been accepted as a tenderer for two major aerospace Original Equipment Manufacturers (OEM's) and has submitted a number of tenders for aerospace contracts.

Quickstep's bids for these manufacturing contracts are currently being evaluated by the OEM's and the company is hopeful of securing initial contracts for the North Coogee facility in the near future.

Quickstep is also approaching OEM's, Tier One and aerospace contractors and is in discussions with new aerospace groups regarding both Quickstep and autoclave/engineering solutions.

Once completed, Quickstep's manufacturing facility will be one of the most advanced composite aerospace manufacturing sites in the Southern Hemisphere and the second largest in Australia, providing the company with an excellent competitive advantage to secure contracts.

**Aerospace parts manufactured at North Coogee facility**

During the half year Quickstep was pleased to announce that the first parts manufactured at the company's North Coogee manufacturing facility in Western Australia received approval, were installed and are now flying.

The manufactured parts are two-metre-long carbon fibre composite "pods", which are owned and patented by the customer and are used to obtain aerial photography as part of its geospatial media business.

Quickstep had responsibility for all aspects of the composite production engineering, tooling, manufacture and inspection of the pods, which were manufactured using AGATE qualified carbon/epoxy materials from Toray Composites (America) Inc. and Rohacell foam cores from Evonik Rohm GmbH.

## CURRENT FOCUS / OUTLOOK

As the Company continues to prepare for the commencement of its aerospace manufacturing capability during the March Quarter, emphasis will remain on sourcing and securing sales contracts with major aerospace and defence customers along with major engineering and manufacturing organisations based in Australia.

Quickstep's activities will focus on:

- Completing the upgrade to the North Coogee facility and achieving AS9100 standards accreditation.
- Promoting Quickstep's manufacturing capabilities to aerospace OEMs, Tier One suppliers and subcontractors, and reinforcing the fact that Quickstep can offer both Quickstep and autoclave manufacturing solutions along with development and engineering support.
- Working with existing customers to review completed contracts and progress towards securing larger-scale, longer term projects.
- Actively promoting the Quickstep Process within the aerospace and non-aerospace industries.
- Continuing to expand paid development work with our prime aerospace partners while actively seeking further paid development alliances.
- Further enhancing the Quickstep team to provide additional aerospace and other manufacturing expertise.
- Fund raising activities. For further details see Note 6 of the Condensed Notes to the Financial Statements.

#### 4. Auditor's independence declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2008.

Dated at Perth, Western Australia, this 27<sup>th</sup> day of February 2009.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Philippe Odouard', with a horizontal line underneath.

**Philippe Odouard**  
*Managing Director*

## AUDITOR'S INDEPENDENCE DECLARATION



### *Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Quickstep Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG  
KPMG

A handwritten signature in blue ink, appearing to be 'M Beevers', written over a horizontal line.

M Beevers  
*Partner*

Perth

27 February 2009

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CONSOLIDATED INTERIM INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	Note	31 December 2008 \$	31 December 2007 \$
Revenues			
Sales		182,179	95,903
		<hr/>	<hr/>
Total revenues		182,179	95,903
Expenses			
Cost of sales		(7,245)	(80,646)
Marketing expenses		(501,222)	(586,477)
Operational expenses		(1,497,201)	(1,242,652)
Research and development expenses		(391,832)	(396,480)
Administrative and corporate expenses		(1,107,946)	(671,562)
Other		(180,958)	(247,483)
		<hr/>	<hr/>
Loss from operating activities		(3,504,225)	(3,129,397)
Financial income		638,177	238,902
Financial expense		(26,010)	(11,953)
		<hr/>	<hr/>
Net financing income		612,167	226,949
Loss before income tax		(2,892,058)	(2,902,448)
Income tax benefit		-	-
		<hr/>	<hr/>
Loss for the period		<u>(2,892,058)</u>	<u>(2,902,448)</u>
Basic loss (cents/per share) for Quickstep Holdings Limited		<u>(1.78 cents)</u>	<u>(2.03 cents)</u>

No dilutive potential ordinary shares existed at balance date, therefore diluted earnings per share has not been calculated or disclosed.

The income statement is to be read in conjunction with the accompanying notes.

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**CONSOLIDATED INTERIM BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Consolidated	
	31 December 2008 \$	30 June 2008 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4,646,882	10,307,615
Trade and other receivables	998,261	1,142,024
Inventories	89,537	118,466
Other	358,247	404,759
<b>TOTAL CURRENT ASSETS</b>	<u>6,092,927</u>	<u>11,972,864</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	8 7,374,108	4,279,893
Intangible assets	589,032	742,545
<b>TOTAL NON-CURRENT ASSETS</b>	<u>7,963,140</u>	<u>5,022,438</u>
<b>TOTAL ASSETS</b>	<u>14,056,067</u>	<u>16,995,302</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,070,893	962,455
Loans and borrowings	6,342	4,945
Employee benefits	43,583	35,890
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,120,818</u>	<u>1,003,290</u>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	714,597	997,787
Loans and borrowings	26,625	32,967
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>741,222</u>	<u>1,030,754</u>
<b>TOTAL LIABILITIES</b>	<u>1,862,040</u>	<u>2,034,044</u>
<b>NET ASSETS</b>	<u>12,194,027</u>	<u>14,961,258</u>
<b>EQUITY</b>		
Issued capital	9 30,146,119	30,146,119
Reserves	274,790	149,963
Accumulated losses	(18,226,882)	(15,334,824)
<b>TOTAL EQUITY</b>	<u>12,194,027</u>	<u>14,961,258</u>

The balance sheet is to be read in conjunction with the accompanying notes.

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

Consolidated	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulate d Losses \$	Total \$
Balance as at 1 July 2008	30,146,119	167,762	(17,799)	(15,334,824)	14,961,258
<i>Reserves – recognised directly in equity</i>					
Foreign Currency	-	-	101,691	-	101,691
<i>Accumulated losses</i>					
Loss for the half-year	-	-	-	(2,892,058)	(2,892,058)
Total recognised expense for the period	-	23,136	101,691	(2,892,058)	(2,767,231)
<b>Balance as at 31 December 2008</b>	<b><u>30,146,119</u></b>	<b><u>190,898</u></b>	<b><u>83,892</u></b>	<b><u>(18,226,882)</u></b>	<b><u>12,194,027</u></b>

Consolidated	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulate d Losses \$	Total \$
Balance as at 1 July 2007	13,775,983	403,762	(13,406)	(9,029,755)	5,136,584
<i>Reserves – recognised directly in equity</i>					
Cost of share-based payments	-	16,000	-	-	16,000
Foreign Currency	-	-	1,443	-	1,443
<i>Accumulated losses</i>					
Loss for the half-year	-	-	-	(2,902,448)	(2,902,448)
Total recognised expense for the period	-	16,000	1,443	(2,902,448)	(2,885,005)
<i>Issued capital</i>					
Shares issued during the half-year	16,322,216	(252,000)	-	-	16,070,216
<b>Balance as at 31 December 2007</b>	<b><u>30,098,199</u></b>	<b><u>167,762</u></b>	<b><u>(11,963)</u></b>	<b><u>(11,932,203)</u></b>	<b><u>18,321,795</u></b>

The statement of change in equity is to be read in conjunction with the accompanying notes.

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		159,748	45,855
Interest received		328,090	139,454
Interest paid		(1,445)	(1,297)
Research and development tax offset rebate		420,263	443,725
Cash payments in the course of operations		<u>(3,890,783)</u>	<u>(3,412,205)</u>
<b>Net cash used in operating activities</b>		<b><u>(2,984,127)</u></b>	<b><u>(2,784,468)</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,155,173)	(888,397)
Proceeds from sale of property, plant and equipment		-	499
Development expenditure		-	(39,280)
Employee relocation loan repayment		-	150,000
Payment of deferred business combination consideration		<u>-</u>	<u>(175,000)</u>
<b>Net cash used in investing activities</b>		<b><u>(3,155,173)</u></b>	<b><u>(952,178)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	17,195,320
Transaction costs from issue of shares		-	(1,064,513)
Finance lease payments		<u>(4,945)</u>	<u>(4,945)</u>
<b>Net cash (used in) / from financing activities</b>		<b><u>(4,945)</u></b>	<b><u>16,125,862</u></b>
<b>NET (DECREASE) INCREASE IN CASH HELD</b>		<b>(6,144,245)</b>	<b>12,389,216</b>
Cash and cash equivalents at 1 July		10,307,615	2,446,113
Effect of exchange rate fluctuations on cash held		483,512	-
<b>Cash and cash equivalents at 31 December</b>		<b><u>4,646,882</u></b>	<b><u>14,835,329</u></b>

The condensed notes on pages 9 to 12 are an integral part of these consolidated interim financial statements.

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

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### 1. REPORTING ENTITY

Quickstep Holdings Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2008 is available upon request from the Company's registered office or may be viewed on the Company's website, [www.quickstep.com.au](http://www.quickstep.com.au).

### 2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2008. It is also recommended that the interim financial report be considered together with any public statements made by the company and its controlled entities during the half year ended 31 December 2008 in accordance with the continuous disclosure obligations required under the Corporations Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 24 February 2009.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008.

### 4. ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

### 5. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

### 6. GOING CONCERN

The Group has incurred a loss for the period of \$2,892,058 (2007: loss \$2,902,448) and has surplus of working capital as at 31 December 2008 of \$4,972,109 (30 June 2008: \$10,969,574). During the period, the Group has had a net decrease in cash of \$6,144,245, principally due to acquisitions of new plant and equipment of \$3,155,173 and cash outflows from operations of \$2,984,127 as the Group has readied itself for the commercialisation phase of its business plan. The Group continues to incur cash outflows from operations and has further non-cancellable capital commitments falling due for payment in the first quarter of calendar 2009 of approximately \$2.2 million.

The financial report has been prepared on a going concern basis which contemplates the continuation of the business activity and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this to be appropriate for the following reasons:

- Over recent months the company has been in negotiations with various parties with respect to additional funding, either through debt or equity facilities, to meet short to medium term working capital funding requirements. Current advanced alternatives include:
  - the issue of a convertible note facility of \$10 million allowing for funding to be drawn down in instalments of \$2 million per quarter at the company's request, with an initial drawdown of \$2 million, 2 months after execution of the facility
  - a raising of \$2.0 million to \$4.0 million, via a convertible note pursuant to a fundraising mandate with a Western Australian stock broking firm, provided on a best endeavours basis

The conversion price per share for both the convertible note facilities is expected to be above the closing share price as at 26 February 2009.

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

**6. GOING CONCERN (Cont'd)**

Whilst the company is yet to finalise any fundraising from the above alternatives, directors are confident of finalising one or more of the above arrangements in the near future.

- The company has been approached by a party with regard to Quickstep's interest in the sale of one of its recently acquired autoclaves. Whilst it is not the intention of Directors to dispose of this asset, in the event that working capital was required in the short term, Directors believe that the autoclave could be sold at an amount in excess of its carrying value to provide funding of approximately \$750,000.
- The company has recently submitted proposals in response to requests for tenders for 3 major contracts, one of which, if successful, is anticipated to result in sales revenues of approximately \$100 million over a 5 year period. The company is yet to be notified as to whether its proposals have been successful. The company also continues to actively seek opportunities for the sale of Quickstep machines and licensing of its associated technology, as well as outsourced composite manufacturing contracts. These activities, in the opinion of Directors, warrant the ongoing commitments of the Group's financial resources to enable future profitable operations.
- Directors continue to monitor the operational and financial performance of the business and in the event that the Group was unable to source additional capital within anticipated timeframes, the Directors will take action to reduce costs and preserve cash reserves.

For the reasons discussed above, but principally through sourcing additional funding, the directors are confident that the Group will be able to continue its operations into the foreseeable future. Should the Group be unsuccessful in obtaining sufficient funding within the timeframe required and/or be unable to successfully execute the commercialisation aspects of its business plan, there is material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**7. SEGMENT REPORTING**

Segment information is presented in the consolidated interim financial statements in respect of the Group's geographical segments, which are the primary basis of segment reporting.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

***Geographical segments***

31 December 2008	Australia \$	USA \$	Germany \$	United Kingdom \$	Elimination \$	Consolidated \$
Segment revenue	22,571	-	159,608	-	-	182,179
Total revenue						182,179
Segment result	(2,228,972)	(8,619)	(313,124)	(11,786)	-	(2,622,501)
Unallocated revenues and expenses						(269,557)
Profit from ordinary activities before related income tax expense						(2,892,058)
31 December 2007	Australia \$	USA \$	Germany \$	United Kingdom \$	Elimination \$	Consolidated \$
Segment revenue	7,242	-	31,041	57,620	-	95,903
Total revenue						95,903
Segment result	(2,508,375)	(744)	(333,729)	45,836	(26,303)	(2,823,315)
Unallocated revenues and expenses						(79,133)
Profit from ordinary activities before related income tax expense						(2,902,448)

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

**8. PROPERTY, PLANT AND EQUIPMENT**

***Acquisitions and disposals***

During the six months ended 31 December 2008 the Group acquired assets with a cost of \$3,154,981 (six months ended 31 December 2007: \$484,895). In addition, it paid deposits of \$87,308 for fixed assets to be delivered in 2009 (six months ended 31 December 2007: \$444,032).

	31 December 2008 \$	30 June 2008 \$
<b>9. ISSUED CAPITAL</b>		
<b>Issued and Paid-Up Capital</b>		
162,446,305 (June 2008: 162,446,305) ordinary shares, fully paid	30,146,119	30,146,119

**Options**

No options to subscribe for ordinary fully paid shares were granted during the half-year (2007: Nil).

***Unissued shares under option***

At 31 December 2008, unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Options
15 April 2010	\$0.25	6,391,489
16 June 2010	\$0.26	480,000

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

***Exercise of options***

During the half-year no options were exercised (2007: 526,880 options with an expiry date of 15 April 2010 and an exercise price of \$0.25 and 200,000 options with an expiry date of 16 June 2010 and an exercise price of \$0.313 were exercised).

***Lapse of options***

No options lapsed during the half-year ended 31 December 2008 (2007: Nil).

**10. COMMITMENTS**

**Operating lease commitments**

Non-cancellable operating lease contracted for but not capitalised in the financial statements.

Payable

- less than 1 year

- between 1 and 5 years

	2008 \$	2007 \$
- less than 1 year	237,087	226,893
- between 1 and 5 years	396,157	586,140
	633,244	813,033

The property lease is a non-cancellable lease with a 5-year term, with rent payable quarterly in advance. The lease contains provisions for rent reviews on an annual basis, and a 5-year renewal option.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

10. COMMITMENTS (CONT'D)

**Other commitments**

On 28 February 2006, the Group entered into a contract with the University of Manchester (UOM) to provide continuing support for a collaboration project between the parties. The agreement is for an initial period of 3 years and confers on Quickstep an obligation to acquire technical and support services from UOM for a total cost of £65,000 (\$162,500) per annum. The agreement provides either party with the right to terminate the arrangement without reason (with requisite notice) at anniversaries of 12 months and 24 months from 1 March 2006.

On 1 June 2006, the consolidated entity entered into a collaboration agreement with the National Center for Composite Systems Technologies ("NCC") in Ohio, USA, for the purposes of demonstrating the production capabilities of the patented Quickstep process, with a view to both establishing the merits of its use and to develop the capability in line with the requirements for various composite market sectors. The agreement is for an initial period of 3 years, although it may be terminated earlier in accordance with provisions contained in the agreement. The agreement confers on Quickstep an obligation to provide financial support of USD100,000 (\$144,341) per annum and tooling to the value of USD25,000 (\$36,085) per annum.

The Company's commitments in respect of the above and plant and equipment contracted for but not provided for are set out below:

	2008	2007
	\$	\$
Payable		
- less than 1 year	2,262,427	3,394,417
- between 1 and 5 years	31,423	186,458
	<u>2,293,850</u>	<u>3,580,875</u>

11. EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to balance date that would have a material financial effect on the financial statements for the half year period ended 31 December 2008.

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## DIRECTORS' DECLARATION

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In the opinion of the directors of Quickstep Holdings Limited ("the Company"):

1. the financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the Group as at 31 December 2008 and of its performance for the half-year ended on that date; and
  - (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia, this 27<sup>th</sup> day of February 2009.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Philippe Odouard', with a horizontal line underneath.

**Philippe Odouard**  
*Managing Director*

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## **Independent auditor's review report to the members of Quickstep Holdings Limited**

### **Report on the financial report**

We have reviewed the accompanying half-year financial report of Quickstep Holdings Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 11 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Quickstep Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quickstep Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Material uncertainty regarding continuation as a going concern*

Without qualification to the conclusion above, attention is drawn to the following matter. As a result of the matters described in Note 6, there is material uncertainty which may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

M Beevers  
*Partner*

Perth

27 February 2009