

# ASX Company Announcement



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## General Update by John Genner, Managing Director, BQT Solutions Limited (BQT)

BQT specialises in the development, design, manufacturing and global distribution of High Level Security Solutions. The design of specialised solutions is our forte and it's appropriate that the market has a better understanding of our business.

1. Our main global markets are Governments, Defence Forces, Corporate, and we carry out specialty solutions for selected clients. When dealing with institutions such as Governments there is a long lead time involved which is mostly out of our control. However a number of Government and Defence projects are coming to completion shortly and most of these projects have taken up to 3 years to come to reach the implementation stage.
2. BQT specialises in the highest level of security, so there are constraints on announcing the full details of our success in the winning projects. Recently BQT was selected to supply its technology and products to the security upgrade of an overseas Government and we would have liked to make the announcement stating the name and details of the project because of its high profile, but unfortunately we were not allowed.
3. BQT does not supply or install its products in the final location but distributes its products mainly through global leaders in the security market. This channel of distribution has taken over 5 years to establish. Firstly we had to have our product assessed then after a long delay finally sold. This point is important because many shareholders want us to only come out with a large contract amount. The reality is BQT usually does not go for tenders; it is our client who does that, our client wins the contract and then orders from us when required.

A number of our initial small sales are the forerunner to a large sale; it just takes time for the completion of the project. A good example of this point can be made by relating our recent \$2,400,000 announcement. In



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this particular case we were fortunate that our client did advise BQT of the overall value of Stage 1. In Stage 1 the value to BQT was \$2,400,000 however that was to be spread over 20 months.

We do not receive an order for the \$2,400,000, there may well be 20 individual orders adding up to \$2,400,000. I might also add that the difficult piece of the puzzle is to get the first order which is the one that takes the time, but the second order is simple. To follow on from the latest announcement you will see that Stage 2 in this project is to upgrade security on a further 2,000 buildings, but this may take 30 months to rollout. BQT's plan has always been to be successful in winning many of these major projects (which is what we are well on the way of doing) because of the combined cash flow they will generate.

4. First and foremost we are a technology company, so to date BQT has spent most of its funds in Research and Development. We have to be ahead of our competitors, which I believe we are, and the new products we have ready for release will ensure we do remain ahead. The area we specialise in is new territory and there are no manuals to look up and it is difficult at times to explain the importance of what we are developing.

As an example: A new product release is planned for May 2006. We have spent over \$1,000,000 in development costs on this new product. However, we currently have potential sales for this new product of approximately \$10,000,000. As late as yesterday, I met in the USA with one of our major global clients who know of the new products we are working on and we believe this client will take our new product and distribute through their global offices.

5. We are a very young company and the focus has been of getting the technology right then the sales will follow. We have over \$50 million in potential sales, some of which are already being supplied as the initial rollout before the ramp up.
6. It is unfortunately a simple fact of life that start-up companies take 3 times the amount of funds initially budgeted for and 3 times the time to commercially succeed. The market we are in is a huge growth market and we have never been in better shape to succeed. I look at our order book and I can say without question--the plan we had in place 5 years ago is correct and we will succeed.

I believe BQT has three main strengths:

- (a) We have the most experienced staff in the area of our expertise
- (b) We have done all the work by developing product the market wants
- (c) The order book justifies our belief and in the long run it is the people you have on your staff that make you money.

7. Young start up companies are always risky investments as very few survive, however the ones who do go on to be very successful. On the risk profile BQT has been through the difficult period and is now setting up 2006 as being the year all this will pay off.
  
8. As a final note, I am confident we will be able to make some further announcements that will further support what I have tried to explain today. In addition we are at the final stages of hopefully being selected as the prime supplier for one of the most prestigious security upgrades globally. It is potentially the largest project we have ever been involved with.

I do hope this brief overview gives you more information to understand the status of our company.

John Genner  
Managing Director

**BQT Solutions Limited**

*For further information, please visit our website  
[www.bqtsolutions.com](http://www.bqtsolutions.com) or contact one of our global offices.*

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