

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

TechStar Limited

ABN

49 089 206 986

Quarter ended ("current quarter")

31st December 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (six months) \$A'000
1.1 Receipts from customers	1.7	17.4
1.2 Payments for		
(a) staff costs	(92.2)	(173.7)
(b) advertising and marketing		
(c) research and development		
(d) leased assets	(7.3)	(8.1)
(e) other working capital	(354.1)	(495.4)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4.5	5.1
1.5 Interest and other costs of finance paid	(0.5)	(0.5)
1.6 Income taxes paid		
1.7 Other (Income Tax Refund)	78.2	78.2
Other (Research & Development grant)		41.9
Other (Insurance Recovery)		3.4
Net operating cash flows	(369.7)	(531.7)

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	Current quarter \$A'000	Year to date (six months) \$A'000
1.8 Net operating cash flows (carried forward)	(369.7)	(531.7)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets	(2.5)	(2.5)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	5.9	2.1
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)	15.8	15.9
	19.2	15.5
Net investing cash flows		
1.14 Total operating and investing cash flows	(350.5)	(516.2)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	425.0	625.0
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	53.5	234.2
1.18 Repayment of borrowings	(33.1)	(220.1)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	445.4	639.1
Net increase (decrease) in cash held	94.9	122.9
1.21 Cash at beginning of quarter/year to date	75.8	47.8
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	170.7	170.7

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	-
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 29th November 2005, as set out in the “Notice to Annual General Meeting and Explanatory Memorandum”, TechStar Limited acquired 100% of the equity in Ipoh Pacific Ltd and Exnox Technologies Ltd. The agreement included the issue by TechStar Limited of 100,000,000 fully paid ordinary shares in exchange for all of the issued capital of Ipoh Pacific Limited and Exnox Technologies Limited. The agreement also provided for TechStar Limited to capitalise all Directors’ liabilities and Third Party loans by issuing 33,254,909 shares.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	630.0	630.0
3.2	Credit standby arrangements		

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	170.7	75.8
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	170.7	75.8

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Ipoh Pacific Ltd and Exnox Technologies Ltd	
5.2 Place of incorporation or registration	Queensland	
5.3 Consideration for acquisition or disposal	\$7,425,000	
5.4 Total net assets	\$7,425,000	
5.5 Nature of business	Commercialisation of Bentonite based technologies.	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
 (Director/Company secretary)

Date:30th January 2006.....

Print name: ..Brian Peter Jones.....

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

ENTITY: TECHSTAR LIMITED

ABN: 49 089 206 986

ADDITIONAL INFORMATION

30th January 2006

Acquisition Of Ipoh Pacific

On 19th December 2005 the Directors of TechStar announced that the acquisition of Ipoh Pacific Limited and Exnox Technologies Ltd. was completed with final legal and transfer documents signed on Friday December 16th. Both Ipoh and Exnox have valuable technologies focussed on environmental remediation and protection through the unique properties of the mineral, Bentonite, which enables it to absorb toxins and oils, and trap those pollutants within its molecular structure.

Environmental issues and the remediation of toxic sites are at the forefront of government policy, and TechStar believes these technologies will play a significant role in the future. Several of these technologies have completed field trials with excellent results, and the company will move forward its commercialisation of the more advanced projects such as oil spill containment and remediation, and smoke and air purification.

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TechStar will work with Ipoh, and associated companies, to capitalise on its exploration rights for a major, high quality 15 million tonne bentonite resource in Central Queensland. This resource has the capacity to supply product for the company's technologies, and by contract domestically and globally for use in food/beverage production, mining, civil engineering, cosmetics, and other high value applications.

This resource has attracted strong interest from several overseas companies seeking direct supply of raw or processed product, or joint venture mining and processing. Negotiations with these parties continue, and we will advise the market of developments.

SportzWhistle

The 10,000 unit order placed by ACME whistles is currently being manufactured. The delivery will be made to ACME Whistles and their customers as soon as the manufacturing is completed.

With prior agreement from the NRMA to financially assist early stage design for a proposed 'workplace safety product', SportzWhistle commenced prototype development and designs with an experienced design and engineering company. It is expected these designs and first versions will be ready for approval by early March, with sign off expected from NRMA end of March 2006.

External capital, and potential global distribution of the product with strategic partners to further its development, is now being sought. It is expected this will be in place by end of first quarter 2006, with a proposed exit in place by end of current financial year.

Medteq

Health Affairs have recently completed several more research programs in the UK and European hospital system, across various hospitals, with the results confirming that the CPREzy unit does provide additional accuracy for both chest compressions and more accurate timing across a broad range of incidences and situations.

These important results now provide additional information to Health Affairs and the resuscitation community at large. Health Affairs have presented the results to ILCOR (International Liaison Committee On Resuscitation) who have reviewed much of this documentation. ILCOR is the body which determines the overall guidelines for resuscitation and they are currently reviewing all aspects of the guidelines for release next year. It is understood that as part of this review they are also specifically addressing the role of devices used to assist CPR.

ILCOR approval should see the take up of CPREzy more widespread and whilst sales forecasts for Health Affairs have been delayed due to this process, both Health Affairs and TechStar (Medteq) remain confident that the royalty projections can be met.

Ironbar

Ironbar's appointed Australian engineering and design company has been briefed to complete the next generation prototype, including enhanced external designs suitable for market launch. The updated

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models will be used to present to prospective Australian and international rebar tiers, building companies, and industry players within the next few months.

It is envisaged at this stage that a number of local and worldwide distribution agreements would be negotiated and is expected that TechStar will divest its share in IronBar by the end of financial year 2005/2006.

Augen Technologies (EyeBionics™)

The Company has been working with the co-inventors Dr Gregg Suaning and Prof Nigel Lovell since November 2004 to promote this project to government, potential equity investors and the visually impaired community. The company has developed strong ties with many members and associations within the blind community, and will continue to work closely with all parties as the project develops.

The Research and Development (R&D) program continues to move forward, with a additional stimulus testing completed, and a new microchip design also completed to enhance the project. A range of R&D grants have been sought for 2006 with advice on these within the first quarter 2006. TechStar continues to identify several potential funding opportunities for this project, and when this fund raising is completed, the Company will hold a significant share of EyeBionics™.

The “bionic eye” technology is an Australian developed product with worldwide market demand, at the leading edge of technology and with a substantial amount of development already completed.

The bionic eye device, in its early stage of development, has the potential to help the blind see some images, light and shade, structure and shapes. It is considered particularly beneficial for people who have lost their sight due to degenerative and aged related eye disease.

Financial Support

Funding has been provided through an issue of new equity, and support continues to be provided to TechStar Limited by directors and associated investors when required.

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