*Rule 4.7B*

# 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 | Quarter ended ("current quarter") |
|---|---|
| 49 089 206 986 | 30th September 2005 |

## Consolidated statement of cash flows

| | **Cash flows related to operating activities** | | Current quarter $A'000 | Year to date (three months) $A'000 |
|---|---|---|---|---|
| 1.1 | Receipts from customers | | 15.7 | 15.7 |
| 1.2 | Payments for | (a) staff costs | (81.5) | (81.5) |
| | | (b) advertising and marketing | | |
| | | (c) research and development | | |
| | | (d) leased assets | (0.8) | (0.8) |
| | | (e) other working capital | (141.4) | (141.4) |
| 1.3 | Dividends received | | | |
| 1.4 | Interest and other items of a similar nature received | | 0.6 | 0.6 |
| 1.5 | Interest and other costs of finance paid | | | |
| 1.6 | Income taxes paid | | | |
| 1.7 | Other (Research & Development grant) | | 41.9 | 41.9 |
| | Other (Insurance Recovery) | | 3.4 | 3.4 |
| | **Net operating cash flows** | | (162.1) | (162.1) |

+ See chapter 19 for defined terms.

| | | Current quarter $A'000 | Year to date (three months) $A'000 |
|---|---|---|---|
| 1.8 | Net operating cash flows (carried forward) | **(162.1)** | **(162.1)** |
| | **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 | | |
| 1.10 | Proceeds from disposal of: | | |
| | (a) businesses (item 5) | | |
| | (b) equity investments | | |
| | (c) intellectual property | | |
| | (d) physical non-current assets | (3.8) | (3.8) |
| | (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) | | |
| | **Net investing cash flows** | (3.8) | (3.8) |
| **1.14** | **Total operating and investing cash flows** | (165.9) | (165.9) |
| | **Cash flows related to financing activities** | | |
| 1.15 | Proceeds from issues of shares, options, etc. | 200.0 | 200.0 |
| 1.16 | Proceeds from sale of forfeited shares | | |
| 1.17 | Proceeds from borrowings | 180.7 | 180.7 |
| 1.18 | Repayment of borrowings | (186.9) | (186.9) |
| 1.19 | Dividends paid | | |
| 1.20 | Other (provide details if material) | | |
| | **Net financing cash flows** | 193.8 | 193.8 |
| | **Net increase (decrease) in cash held** | 27.9 | 27.9 |
| 1.21 | Cash at beginning of quarter/year to date | 48.7 | 48.7 |
| 1.22 | Exchange rate adjustments to item 1.20 | | |
| 1.23 | **Cash at end of quarter** | 76.6 | 76.6 |

## 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

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 | 4,555.1 | 4,555.1 |
| 3.2 | Credit standby arrangements | | |

## 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 | 76.6 | 48.7 |
| 4.2 | Deposits at call | - | - |
| 4.3 | Bank overdraft | - | - |
| 4.4 | Other (provide details) | - | - |
| | **Total: cash at end of quarter** (item 1.23) | 76.6 | 48.7 |

## Acquisitions and disposals of business entities

| | | Acquisitions *(Item 1.9(a))* | Disposals *(Item 1.10(a))* |
|---|---|---|---|
| 5.1 | Name of entity | | |
| 5.2 | Place of incorporation or registration | | |
| 5.3 | Consideration for acquisition or disposal | | |
| 5.4 | Total net assets | | |
| 5.5 | Nature of business | | |

## 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: ............................................................ Date: ...31/10/05........................
(Director/Company secretary)

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

## 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 September 2005

*Acquisition Of Ipoh Pacific*

The Directors of TechStar announced on 29th August 2005 that TechStar has entered a conditional Heads of Agreement to acquire the environmental technology company, IPOH Pacific Limited and its associated company Exnox Technology Ltd. IPOH is developing and commercialising a number of environmental remediation and protection solutions based on high quality bentonite clay.

The consideration for the acquisition will be the issue of 100 million fully paid TechStar shares to shareholders of the acquired companies. These shares will be held in voluntary escrow for 12 months.

As a major structural benefit to TechStar for the future new equity of up to $2 million, $1 million initially, will be injected. The current debt funding of $4.7 million, provided to TechStar by directors and external parties, will be converted into 34.3 million fully paid shares at prices from 12 – 15 cents per share. Of this conversion, 24 million shares, representing the holding of the directors converted at 15 cents will be held in voluntary escrow for a period of 12 months. This transaction will be put to the AGM for approval by shareholders.

*Medteq*

Medteq sold its unique chest compression device, CPREzy to UK-based Company Health Affairs Pty Ltd on 30th March, 2005. Medteq will be paid up to A$3.885 million comprising three parts: an up-front cash payment of A$60,000 for the sale of the assets; $3,825,000 royalties on sales of CPREzy; with a 50% payment of any sum received by way of an advance for the manufacturing rights in Malaysia.

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*

The manufacture of additional Reomate prototypes by University of Shanghai, China, and Architectural Hardware Company (Quoter), China, has been completed. A visit to Australia to demonstrate these devices in a working environment was conducted in July 2005.

Ironbar has appointed an Australian engineering and design company to assist the development of the next stage of production ready prototypes. These will be used to continue current negotiations with a large USA manufacturing and distribution company, and a number of other interested companies, in regard to the Reomate & Reotie products. Once this next stage is successfully completed it is envisaged that a number of worldwide distribution agreements could be considered. It is expected that TechStar will divest its share in IronBar by the end of financial year 2005/2006.

*Sportzwhistle*

J. Hudson and Co (Whistles) Ltd - Acme Whistles, has paid a deposit for the 10,000 unit order placed for the electronic SportzWhistle (received in July 2005). The order is the result of their sales and marketing efforts, and is for supply to a number of their international customers. Several samples have been redesigned in line with specific ACME client requests, allowing for potential penetration into new marine and safety markets.

SportzWhistle has held initial discussions with the NRMA regarding the possible use of the high level sound and features of the SportzWhistle 'piezo' technology, as a workplace safety product. NRMA is contributing funding to initial technical evaluations and has entered into a design evaluation contract with TechStar (SportzWhistle).

+ See chapter 19 for defined terms.

*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 disabled community. Dr Suaning and Prof. Lovell continue to develop the 'bionic eye' vision prosthesis project at the University of New South Wales and University of Newcastle.

TechStar has identified 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. Several Research and Development grants are being applied for by the project.

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*
Support continues to be provided to TechStar Limited by directors and associated investors when required.