ShieldLiner Limited
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28 January 2005

The Manager
Companies Announcements Office
Australian Stock Exchange Limited

ASX Announcement
Quarterly Project Update & Quarterly Appendix 4C Cash Report

Introduction

The Company has an obligation under Listing Rule 4.7 to provide a quarterly cash report containing the information set out in Appendix 4C of the Listing Rules. A copy of the Appendix 4C report for the quarter ended 31 December2004 is attached and forms part of this announcement.

In addition to the disclosures in the attached Appendix 4C the Company wishes to provide shareholders and the market generally with an update on its activities.

Activities

During the quarter to 31 December 2004 the Company continued with the construction its first commercial rig utilising its unique trenchless technology for the insitu repair and rehabilitation of underground pipes.

The commercial rig is a substantial ramp up from the prototype equipment used to demonstrate the technology and it is capable of relining up to 120 metres of pipe in a single run. Detailed testing of all components and systems commenced during the quarter and will continue into the first quarter of 2005. The costs of construction of the commercial rig and other capital equipment purchases have been in line with budget.

As part of the commercial rig testing the Company has undertaken several small dry and wet test runs at its premises in Jandakot to test equipment, systems and raw materials as a precursor to the major test objective of successfully lining 100 metres of 300mm concrete pipe in one lining run. A dry liner inversion run utilising 100 metres of liner material to push the ShieldLiner tool and braking system through 60 metres of pipe was completed during the quarter and demonstrated the driving capacity of the liner.

It is anticipated the wet run of 100 metres will be completed by the end of March 2005, if not sooner. An announcement to the ASX will be made on the achievement of this milestone.

Good progress has been made with the testing program although unfortunately the company experienced unplanned delays in the program because of third party delivery and technical problems associated with the supply of resin materials utilised in the lining process. These issues are being addressed with the supplier and will not impact on the project in the longer term.

The Company will be undertaking further studies as to the range of materials that will be subject to detailed testing and certification. In the interim and to enable the company to continue with its commercialisation activities it intends to use existing lining materials and resin systems wherever possible.

Marketing of the system to potential end users over the quarter has been relatively low key pending completion of the planned 100 metre trial. On the assumption the planned 100 metre trial is successfully completed by the end of March 2005 it is envisaged the company will complete three or four reference site lining jobs by 30 June 2005.

<u>Cash Position</u>

The following table summarises the Company's cash inflows and outflows for the quarter ended 31 December 2004 and the for the six month period from 1 July 2004 to 31 December 2004.

	Year to Date		**Current Quarter**	
Opening cash at bank		46		1,986
Inflows				
Interest received	56		25	
R&D tax concession refund	59		59	
Share issues	2,400			
Share issue expenses paid	(25)	2,490	(1)	83
		2,536		2,069
Outflows				
Debt reduction - Sord Technologies	255			
Salaries and wages - staff	80		46	
Salaries and fees - directors	88		57	
Patent costs	14		4	
Other costs and overheads	77		42	
Capital expenditure	122		30	
Research and development materials	40	675	29	208
Closing cash at bank		1,861		1,861

John Hassen
Managing Director

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

ShieldLiner Limited

ABN	Quarter ended ("current quarter")
88 096 870 978	31 December 2004

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (6.months) $A'000
1.1	Receipts from customers			
1.2	Payments for	(a) staff costs	(104)	(168)
		(b) advertising and marketing		
		(c) research and development	(29)	(40)
		(d) leased assets		
		(e) other working capital	(42)	(77)
1.3	Dividends received			
1.4	Interest and other items of a similar nature received		25	56
1.5	Interest and other costs of finance paid			
1.6	Income taxes (paid)/ R&D tax concession refund received		59	59
1.7	Other (provide details if material)			
	Net operating cash flows		(90)	(170)

		Current quarter $A'000	Year to date (.3..months) $A'000
1.8	Net operating cash flows (carried forward)	(90)	(170)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property	(4)	(14)
	(d) physical non-current assets	(30)	(122)
	(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		
	(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	(34)	(136)
1.14	**Total operating and investing cash flows**	(124)	(305)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	0	2,400
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings	0	(255)
1.19	Dividends paid		
1.20	Other (provide details if material) - share issue costs	(1)	(25)
	Net financing cash flows	(1)	2,120
	Net increase (decrease) in cash held	(125)	1,815
1.21	Cash at beginning of quarter/year to date	1,986	46
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	1,861	1,861

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	88
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Salaries and fees paid to Mr JW Hassen amounted to $47,287 during the quarter, fees of $3,000 were paid to each of Messrs Gosatti & Zuiderwyk and Mr Land was paid fees of $4,083.

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

Nil

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

Nil

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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

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	1,861	1,986
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,861	1,986

Acquisitions and disposals of business entities

	Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1 Name of entity	Nil	Nil
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 give a true and fair view of the matters disclosed.

Sign here: .... Date: 28 January 2005
(Director/Company secretary)

Print name: John Hassen