

SUPPLEMENTARY PROSPECTUS

LabTech Systems Limited

ACN 107 670 673

website: www.labtechsystems.com

This document is important and should be read in its entirety together with the Prospectus. If you do not understand any part of this document you should seek professional advice.

1. IMPORTANT INFORMATION

- 1.1 This Supplementary Prospectus is dated 19 January 2006 and is supplementary to the Prospectus dated 31 October 2005 ("**Prospectus**") issued by LabTech Systems Limited ("**Company**") for an Offer of up to 22.5 million Shares at 20 cents each to raise up to \$4.5 million together with one attaching Option for every two Shares issued, exercisable at any time on or before 30 June 2013.
- 1.2 A copy of this Supplementary Prospectus was lodged with ASIC on 19 January 2006. Neither ASIC nor ASX take any responsibility for the contents of this Supplementary Prospectus.
- 1.3 This Supplementary Prospectus must be read together with the Prospectus.
- 1.4 Unless otherwise indicated, terms and abbreviations defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

2. REASONS FOR SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus has been prepared to:

- 2.1 extend the indicative closing date of the Offer under the Prospectus to 31 January 2006;
- 2.2 extend the period for satisfying the minimum subscription condition from 4 months from the date of the Prospectus to 4 months from the date of this Supplementary Prospectus;
- 2.3 extend the period for admission to quotation of securities offered under the Prospectus from 3 months from the date of the Prospectus to 3 months from the date of this Supplementary Prospectus; and
- 2.4 disclose information on a proposed issue by the Company of unsecured convertible notes.

This is a supplementary prospectus intended to be read with the prospectus dated 31 October 2005 issued by LabTech Systems Limited.

3. EXTENDED INDICATIVE CLOSING DATE

- 3.1 The indicative closing date has been extended to 31 January 2006.
- 3.2 The expected timetable for the Offer going forward is set out below:

Important Dates	
Prospectus Date	31 October 2005
Offer opens	7 November 2005
Supplementary Prospectus Date	19 January 2006
Closing Date under Prospectus	5 December 2005
Closing Date under Supplementary Prospectus*	31 January 2006
Anticipated Date for Quotation of Securities*	27 February 2006

* These dates are indicative only. The Directors reserve the right to vary the above dates without prior notice.

4. ASX LISTING

- 4.1 The period for the Company to be admitted to the Official List of the ASX and the quotation of its securities has been extended to the date 3 months after the date of this Supplementary Prospectus.
- 4.2 By a declaration of ASIC made on 13 January 2006 ("**ASIC Declaration**") pursuant to section 741(1) of the Corporations Act, sections 723(3)(b), 724(1)(a) and 724(1)(b)(ii) of the Corporations Act were modified in respect of this Supplementary Prospectus to permit the extension of the period for the Company to:
- 4.2.1 raise the minimum subscription of \$2,500,000 to 4 months from the date of this Supplementary Prospectus; and
 - 4.2.2 be admitted to the Official List of the ASX and the quotation of its securities to 3 months from the date of this Supplementary Prospectus.
- 4.3 Application for the Company's admission to the Official List of the ASX and quotation of the Company's shares was made on 3 November 2005.
- 4.4 If the Company is not admitted to the Official List of the ASX and its securities are not admitted to quotation within 3 months from the date of this Supplementary Prospectus all application monies will be refunded without interest.

5. MINIMUM SUBSCRIPTION

- 5.1 The ASIC Declaration gives the Company a period of 4 months from the date of this Supplementary Prospectus to raise the minimum subscription of \$2,500,000. However, the minimum subscription must be raised before the quotation of the securities on the ASX can occur. Therefore the minimum subscription must be reached within 3 months of the date of this Supplementary Prospectus.

This is a supplementary prospectus intended to be read with the prospectus dated 31 October 2005 issued by LabTech Systems Limited.

- 5.2 If the minimum subscription is not reached 3 months from the date of this Supplementary Prospectus all application monies will be refunded without interest.

6. STATUS OF OFFER AND APPLICATIONS

- 6.1 As at the date of this Supplementary Prospectus the Company has received 36 Applications for 817,754 Shares at a total subscription amount of \$163,550.
- 6.2 In accordance with section 724 of the Corporations Act, the Company will allow Applicants who have lodged Applications under the Prospectus prior to the date of this Supplementary Prospectus one month to obtain a refund of their Application Monies if they do not wish to proceed with their Applications.
- 6.3 Applicants will not have a further opportunity to withdraw their accepted Applications on the basis that the Company has not met the minimum subscription or that its securities have not been admitted for quotation by the ASX for at least another three months.

7. ISSUE OF UNSECURED CONVERTIBLE NOTES

- 7.1 The Company is proposing to issue unsecured convertible notes ("**Notes**") to raise \$300,000. The funds raised will be used by the Company as working capital.
- 7.2 The key terms of issue of the Notes are as follows:
- 7.2.1 each of the Notes has a principal amount of, and will be issued at, \$0.25;
 - 7.2.2 the maturity date of the Notes is 31 January 2008;
 - 7.2.3 interest is payable quarterly in arrears at 12% per annum;
 - 7.2.4 the moneys owing under the Notes shall be repaid by the Company on the maturity date if not converted on or before the maturity date;
 - 7.2.5 the Notes may be converted to Shares, with the price being \$0.25 per Share:
 - (a) at any time before the Closing Date under the Prospectus (on a 1 for 1 basis with two (2) free attaching Options for every Share issued on the conversion of a Note); or
 - (b) on the maturity date (on a 1 for 1 basis with one (1) free attaching Option for every Share issued on the conversion of a Note);
 - 7.2.6 the maximum number of Shares that may be issued under the Notes is 1,200,000 Shares;
 - 7.2.7 the maximum number of free attaching Options that may be granted under the Notes is 2,400,000 Options;
 - 7.2.8 each Share issued upon conversion shall rank, as from the date of conversion, in all respects *pari passu* and form one class with the ordinary shares in the capital of the Company then on issue;
 - 7.2.9 each Option granted upon conversion shall be granted on the same terms and conditions as the Class C Options issued pursuant to the Prospectus.

This is a supplementary prospectus intended to be read with the prospectus dated 31 October 2005 issued by LabTech Systems Limited.

7.3 Investors' proportionate interests in the Company will be accordingly diluted upon the conversion of Notes.

7.4 The impact on the capital structure of the Company if the Notes are all converted before the Closing Date under the Prospectus will be as follows:

	Immediately Before the Prospectus Date	Assuming Minimum Subscription	Assuming Minimum Subscription and Full Conversion	Assuming Full Subscription	Assuming Full Subscription and Full Conversion	Assuming Full Oversubscription	Assuming Full Oversubscription and Full Conversion
Fully Paid Ordinary Shares	43,465,708	55,965,708	57,165,708	65,965,708	67,165,708	70,965,708	72,165,708
Class A Options (Expiring in 2012)	8,045,000	8,045,000	8,045,000	8,045,000	8,045,000	8,045,000	8,045,000
Class B Options (Expiring in 2013)	6,324,350	6,324,350	6,324,350	6,324,350	6,324,350	6,324,350	6,324,350
Class C Options (Expiring 2013)	-	12,500,000	14,900,000	22,500,000	24,900,000	27,500,000	29,900,000

8. APPLICATIONS

Investors who have NOT previously submitted an Application Form

All new Applications must be made on the Application Form attached to this Supplementary Prospectus. The Application Form contains detailed instructions on how it should be completed. Applications must NOT be made on the Application Form attached to or accompanying the Prospectus.

New investors should read the instructions on the Application Form attached to this Supplementary Prospectus before applying for Shares. Completed Application Forms may be lodged at any time, but no later than 31 January 2006.

Applications must be for a minimum of 10,000 Shares at \$0.20 (\$2000) and in multiples of 1000 Shares (\$200) thereafter.

Application Forms must be accompanied by cheque(s) for the relevant Application Monies. Cheque(s) must be in Australian Dollars (\$) and drawn on an Australian Branch of an Australian bank, must be crossed "Not Negotiable" and must be made payable to "LabTech Systems Ltd – Share Offer".

You should ensure that sufficient funds are held in the relevant account(s) to cover the cheque(s).

If the amount of your cheque(s) for Application Monies (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Monies will pay for (and to have specified that number of Shares in your Application Form), or your Application may be rejected on full at the Company's discretion.

This is a supplementary prospectus intended to be read with the prospectus dated 31 October 2005 issued by LabTech Systems Limited.

Completed Application Forms and Application Monies should be posted to:

LabTech Systems Ltd – Share Offer
GPO Box 1385
Adelaide SA 5001

Applications and Application Monies must be received no later than 5.00 pm CST on 31 January 2006, unless the Company elects to close the Offer, or any part of it early, or extend the Offer or any part of it, or accept late Applications either generally or in particular cases.

Applicants who HAVE previously submitted an Application Form pursuant to the Prospectus and DO NOT want to withdraw their Application

Applicants who have already lodged an Application Form pursuant to the Prospectus DO NOT need to complete a further Application Form.

Applicants may, however, lodge a further Application Form if they wish to apply for additional Shares in accordance with the instructions set out above for new investors.

Applicants who HAVE previously submitted an Application Form pursuant to the Prospectus and DO want to withdraw their Application

An Applicant who wishes to withdraw their Application must ensure that written notice is received by the Company no later than 1 month after the date of this Supplementary Prospectus.

Applicants may withdraw their Applications and be repaid any Application Monies upon written request to *LabTech Systems Limited, 253 Sturt Street, Adelaide SA 5000*. The request must contain payee details for the refund cheque. The payee details of the refund cheque (including the address to which it should be sent) must correspond to the details contained in the Application Form lodged by the Applicant.

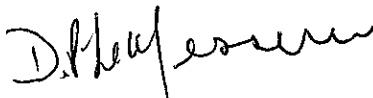
ALL OTHER DETAILS IN RELATION TO THE TERMS OF THE OFFER AND OTHER MATTERS PURSUANT TO THE PROSPECTUS REMAIN UNCHANGED.

9. DIRECTORS' AUTHORISATION

The Directors each have consented to the issue of this Supplementary Prospectus and to its lodgement with ASIC. No Director has withdrawn this consent prior to the lodgment of this Supplementary Prospectus with ASIC.

Dated 19 January 2006

Signed on behalf of LabTech Systems Limited



Douglas Peter LeMessurier
Chairman

This is a supplementary prospectus intended to be read with the prospectus dated 31 October 2005 issued by LabTech Systems Limited.

LabTech Systems Ltd

ACN 107 670 673

Application Form for Shares and attaching Options

This Application Form is attached to and forms part of the supplementary prospectus dated 19 January 2006 (Supplementary Prospectus) which is supplementary to the prospectus dated 31 October 2005 (Prospectus).

Please read all instructions on reverse of this form

A Number of Shares and attaching Options applied for (minimum 10,000 Shares)

B Total amount payable

_____ at \$0.20 per Share =

A\$ _____

C Full name details (title, given name(s) (no initials) and surname or Company name)

Name of Applicant 1

Name of joint applicant 2 or <account name>

Name of joint applicant 3 or <account name>

D Tax file number(s) or exemption category

Applicant 1 / Company

Joint applicant 2 / trust

Joint applicant 3 / exemption

E Full postal address

Number / street

Suburb / Town

State / Postcode

F Contact Details

Contact name

Contact daytime phone number ()

Contact email address

CHESS Holder No

G Cheque payment details please fill out your cheque details and make your cheque payable to "Labtech Systems Ltd Share Offer" and return to the Company before 5pm (CST) on 5 December 2005.

Drawer	Cheque number	BSB number	Account number	Total amount of cheque
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Return of the Application Form with your cheque for the Application monies will constitute your offer to subscribe for Shares and Options in the Company. I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and
- (b) I/We have received personally a copy of the Supplementary Prospectus accompanied by or attached to the Application Form or a copy of the Application Form before applying for Shares and attaching Options.

No signature required.

You should read the Prospectus and the Supplementary Prospectus carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary Prospectus (whether in paper or electronic form).

This Application Form does not need to be signed. By lodging, or causing to be lodged, this Application Form and a cheque for the full monies I/we hereby:

1. declare that this Application Form is completed and lodged according to the Supplementary Prospectus and the declarations/statements accompanying this Application Form and declare that all details and statements made by me/us (including the declarations/statements accompanying this Application Form) are complete and accurate.
2. offer to subscribe for Fully Paid Ordinary Shares and Options in the Company; and
3. agree to be bound by the Constitution of the Company as amended from time to time and any new Constitution adopted by the Company, by the terms of the Options and by the terms and conditions set out in the Prospectus and Supplementary Prospectus.

How to Complete the Application Form

Please complete all relevant sections of the Application Form using **BLOCK LETTERS**

- A Insert the number of Shares and attaching Options you wish to apply for.
- B Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares and attaching Options applied for by the sum of \$0.20.
- C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the Company. Up to three joint Applicants may register. You should refer to the table below for the correct form of registrable title. Applicants using the wrong form of title may be rejected.
- D Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G Please complete cheque details as requested:
Make your cheque payable to **"LabTech Systems Ltd Share Offer"** in Australian currency and crossed **"Not Negotiable"**. Your cheque must be drawn on an Australian Branch of a Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- H Before completing the Application Form the Applicant(s) should read the Prospectus and Supplementary Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares and attaching Options in the Company upon and subject to the terms of this Prospectus and Supplementary Prospectus, agrees to take any number of Shares and attaching Options equal to or less than the number of Shares and attaching Options indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and Supplementary Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application form.

Forward your completed Application Form and accompanying cheque(s) to:-

LabTech Systems Ltd, GPO Box 1385 Adelaide SA 5001

Correct forms of Registrable Names

Note that only legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to LabTech Systems Ltd. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form	Examples of incorrect forms
Individuals Give full name - not initials	John Fred Williams	JF Williams
Person Under the age of 18	Michael John Wilson	Andrew Wilson
Do not use the name of the minor, use name(s) of parent(s)/guardian(s)	Sarah Jane Wilson <Andrew Wilson A/C>	
Companies Use Company title, not abbreviations	John Williams Pty Ltd	J Williams Co John Williams P/L
Trusts Do not use the name of the trust, use name(s) of trustee (s)	John Fred Williams <Williams Family A/C>	John Williams Family Trust
Deceased Estates Do not use the name of deceased, use personal names of executor(s)	Jane Mary Wilson <Est John Smith A/C>	Estate of the Late John Smith
Partnerships Do not use the name of partnership, use personal names of partners	Sarah Jane Wilson Michael John Wilson <Sarah Wilson & Son A/C>	Sarah Wilson & Son
Clubs/Unincorporated Bodies Do not use the name of clubs etc use personal names of office bearer(s)	John Fred Williams <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Do not use the name of fund use name(s) of trustee(s)	Sarah Wilson Pty Ltd <Super Fund A/C>	Sarah Wilson Pty Ltd Superannuation Fund