

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED ABN 98 008 124 025

SUPPLEMENTARY PROSPECTUS

TO A PROSPECTUS DATED 25 JANUARY 2007

This document is important and should be read in its entirety in conjunction with the Prospectus dated 25 January 2007 ("the Prospectus") and registered with the Australian Securities & Investments Commission on 25 January 2007. If you are in any doubt as to the contents of this document, you should consult your sharebroker, solicitor, banker or accountant without delay.

1. LODGMENT WITH AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

This Supplementary Prospectus (**Supplementary Prospectus**) is dated 8 February 2007 and was lodged with the Australian Securities & Investments Commission ("ASIC") pursuant to Section 719(1) of the *Corporations Act 2001 (Cwlth)* on that date.

No responsibility as to the contents of this Supplementary Prospectus is taken by ASIC.

This Supplementary Prospectus must be issued with any copies of the Prospectus that are issued after this Supplementary Prospectus has been lodged with the ASIC.

2. TERMS USED IN THIS SUPPLEMENTARY PROSPECTUS

Terms used in this Supplementary Prospectus shall have the meaning ascribed to them in the Prospectus.

3. CHANGE IN INFORMATION

3.1 Share Purchase Plan

In conjunction with the offer of Shares under the Prospectus, the Company announced its intention to conduct an offering to its existing shareholders under a complying Share Purchase Plan. Under the SPP, MSH proposed to offer to each registered shareholder as at 12 January 2007 to subscribe for not less than \$2,000.00 of Shares and up to a maximum of \$5,000.00 of Shares at \$0.06 per Share (namely, up to 83,333 Shares). The Company retained a right to cap the SPP raising to a maximum of \$500,000.00. Following the close of the offer under the SPP, subscriptions received under the SPP totalled \$878,996.40, equating to 14,649,940 Shares. The Company has resolved to accept all subscriptions received under the SPP. Accordingly, the maximum number of Shares to be issued under the Share Purchase Plan has been increased from 8,333,333 Shares to 14,649,940 Shares.

3.2 Consequential Amendments to the Prospectus

As a consequence of the increase in the maximum number of Shares to be issued under the SPP, the Prospectus is to be amended as follows:

- (a) On page 4, paragraph 1, the description of the SPP offer shall be deleted and replaced with the following:

"Under the SPP, MSH offered to each registered shareholder as at 12 January 2007 to subscribe for not less than \$2,000.00 of Shares and up to a maximum of \$5,000.00 of Shares at \$0.06 per Share (namely, up to 83,333 Shares). As at the date of the close of the SPP, total subscriptions received under the SPP totalled \$878,996.40, equating to 14,649,940 Shares."

- (b) On page 4, paragraph 3 under the heading "General Meeting", the description of the shareholder approval obtained shall be deleted and replaced with the following:

"The Company therefore sought and obtained shareholder approval to the Issue (and 8,333,333 of the 14,649,940 Shares to be issued under the SPP) under Listing Rule 7.1 at the General Meeting."

- (c) On page 9, in the capital structure table under the heading "Effect of the Issue":

- i. the maximum number of Shares to be issued under the SPP is to be deleted and replaced with 14,649,940 Shares.
- ii. The total number of issued Shares following the Issue is to be deleted and replaced with 164,995,777.

iii. Note 1 under the capital structure table is to be deleted and replaced with:

"Note 1: As at the date of this Supplementary Prospectus, the Shares to be issued under the SPP have not been issued. The Company intends to issue the Shares as soon as possible, and by no later than the date of issue of Shares under this Offer. "

(d) On page 9, paragraph 4.2(b) should be deleted and replaced with the following:

"The proceeds of the Share Purchase Plan, being \$878,996.40"; and

(e) On page 10, in the fourth column of the pro-forma balance sheet, under the heading "Current Assets", the amount referable to "Cash at Bank" in the column marked "Pro-Forma Placement & SPP" (\$7,896,488) be deleted and replaced with:

"\$8,275,484.40".

The amount referable to "Total Current Assets" in the column marked "Pro-Forma Placement & SPP" (\$7,940,117) be deleted and replaced with:

"\$8,319,113.40".

The amount referable to "Total Assets" in the column marked "Pro-Forma Placement & SPP" (\$7,973,056) be deleted and replaced with:

"\$8,352,052.40".

The amount referable to "Net Assets" in the column marked "Pro-Forma Placement & SPP" (\$7,844,950) be deleted and replaced with:

"\$8,223,946.40".

The amount referable to "Share Capital" in the column marked "Pro-Forma Placement & SPP" (\$7,844,950) be deleted and replaced with:

"\$6,623,996.40".

The amount referable to "Total Equity" in the column marked "Pro-Forma Placement & SPP" (\$7,844,950) be deleted and replaced with:

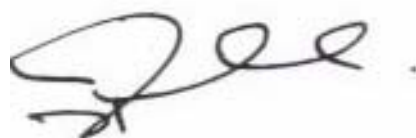
"\$8,223,946.40".

4. OTHER MATERIAL INFORMATION

The directors of MSH are not aware of any act, matter or thing (not already described in the Prospectus or this Supplementary Prospectus) which may be material to the making of an informed assessment of:

- (a) The effect of the Offer on MSH; or
- (b) The rights and liabilities attaching to the Shares and Options.

This Supplementary Prospectus has been signed by a Director of MSH and is dated 8 February 2007.



Dean Gallegos