MONTEC INTERNATIONAL LIMITED
ABN 62 104 600 544
PRELIMINARY FINAL REPORT
APPENDIX 4E
FINANCIAL YEAR ENDED 30 JUNE 2015

1. Details of the reporting period

Reporting period	Previous corresponding period
30 June 2015	30 June 2014

2. Results for announcement to the market

	Key Information	Current period $	Previous corresponding period $	Change %	Amount change $
2.1	Revenues from ordinary activities	1,634	1,599	2	35
2.2	Loss from ordinary activities after tax attributable to member	(240,970)	(421,748)	43	180,778
2.3	The total comprehensive loss for the period attributable to member	(267,060)	(414,218)	36	147,158

2.4 Dividends/Distributions
No dividends declared in current or prior year.

2.5 Record date for determining entitlements to dividends
N/A.

2.6 Refer point 14 below for explanation of figures in 2.1 to 2.3 above

3. Consolidated Statement of Comprehensive Income and Other Comprehensive Income

Refer attached summary financial statements.

4. Consolidated Statement of Financial Position

Refer attached summary financial statements.

5. Consolidated Statement of Changes in Equity

Refer attached summary financial statements

6. Consolidated Statement of Cash Flows

Refer attached summary financial statements.

7. Details of dividends or distributions

N/A

8. Details of dividend reinvestment plan

N/A

9. Consolidated Statement of Retained Earnings Showing Movements

	2015	2014
	$	$
Balance at the beginning of the year	21,437,328	21,015,580
Net profit attributable to members of the parent entity	240,970	421,748
Balance at the end of the year	21,678,298	21,437,328

10. Net tangible assets per security

	2015	2014
Net tangible assets per ordinary share	$0.001	$0.001

11. Details of entities over which control has been gained or lost during the period

N/A

12. Details of associates and joint venture entities

N/A

13. Other significant information

Refer point 14 below.

14. Accounting standards used by foreign entities

N/A

15. Commentary on results and explanatory information

During the year the Group acquired a further 451 shares in Lark Distillery Pty Limited, a Tasmanian based whiskey distiller & distributor.

i. China business

During the year the Group maintained Chinese operations to the level of minimum presence, and the management continued to investigate other product opportunities, both within and outside the dairy category.

Financial Position

The net assets of the Group have increased by $66,381 from 30 June 2014 to net assets of $2,212,023 in 2015. This increase is largely due to the following factors:
Operating expenses incurred during the year;
Interest expenses of $26,976; partially offset by
Interest paid by shares issue of $132,127.

The Group's working capital, being current assets less current liabilities, has increased from net current liabilities of $419,245 in 2014 to $472,429 in 2015. It should be noted that the total current liabilities in 2015 includes an amount of $250,000 which shareholder approval shall be sought at the 2015 Annual General Meeting to convert such amount into shares in the company.

16. Audit

The 30 June 2015 financial report and accompanying notes for Montec International Limited have been audited and are not subject to any disputes or qualifications. Refer to page 43 of the 30 June 2015 Financial Report for a copy of the auditor's report.

MONTEC INTERNATIONAL LIMITED

ACN 104 600 544

CONSOLIDATED ENTITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Montec International Limited
Making food healthier... naturally

TABLE OF CONTENTS

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DIRECTORS' REPORT

Your directors present their report on Montec International Limited consolidated entity ("Group") for the financial year ended 30 June 2015.

Directors

The names of directors in office at any time during or since the end of the year are:
Mr Terry Cuthbertson
Mr Peter Herd
Mr Gary David Mares (Appointed 29 September 2014)
Mr David Yu

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Results

The loss of the Group for the financial year after providing for income tax amounted to $240,970 (2014: $421,748).

Principal Activities and Significant Change in Nature of Activities

The principal activity of the Group during the financial year was identifying and assessing potential new investment opportunities for the Company's future growth prospects.

There were no other significant changes in the nature of the Group's principal activity during the financial year.

Dividends Paid or Recommended

No interim dividend was declared or paid during the current financial year. The directors are recommending that no final dividend be paid in respect of the year ended 30 June 2015 (2014: $nil).

Review of Operations

The principal activities and operations of the consolidated entity during the year were investment in equity investment opportunities and financing activities.

During the year the Group acquired a further 451 shares in Lark Distillery Pty Limited, a Tasmanian based whisky distiller & distributor.

i. China business

During the year the Group maintained Chinese operations to the level of minimum presence, and the management continued to investigate other product opportunities, both within and outside the dairy category.

DIRECTORS' REPORT (CONTINUED)

Financial Position

The net assets of the Group have increased by $66,381 from 30 June 2014 to net assets of $2,212,023 in 2015. This increase is largely due to the following factors:

- Operating expenses incurred during the year;
- Interest expenses of $26,976; partially offset by
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Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

After Balance Date Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments, Prospects and Business Strategies

The likely developments in the operations of the Group and the expected results of those operations in future financial years are to be:

- Investment in opportunities already identified in other industries and the sale of Australian made premium products into Asia Pacific countries.

- Identifying and assessing potential new investment opportunities for the Company's future growth prospects.

Environmental Issues

The consolidated group's operations are not subject to significant environmental regulation under a law of China, or of the Commonwealth or of a state or territory of Australia.

DIRECTORS' REPORT (CONTINUED)

Information on Directors

Mr Terry Cuthbertson	—	Director (Non-Executive); appointed Non-Executive Chairman from July 2004.
Qualifications	—	Bachelor of Business, ACA
Experience	—	Non-Executive Chairman of Austpac Resources N.L., My Net Fone Limited, Malachite Resources Limited and South American Iron & Steel Corporation Limited, Non-Executive Director of Mint Wireless Limited and ISentric Limited, previously a Partner of KPMG and Director of KPMG Corporate Finance and NSW Partner in Charge of Mergers and Acquisitions, Group Finance Director of Tech Pacific Holdings Pty Ltd which generated over $2 billion in revenues from operations throughout the Asia-Pacific Region.
Interest in Shares and Options	—	1,021,196,964 ordinary shares of Montec International Limited as at 30 June 2015.
Special Responsibilities	—	Mr Cuthbertson is the Company's Chairman and member of the Audit Committee and Nomination and Remuneration Committee.
Directorships held in other listed entities	—	Mr Cuthbertson is Non-Executive Chairman of Austpac Resources N.L, My Net Fone Limited, Mint Wireless Limited, Malachite Resources Limited, and South American Iron & Steel Corporation Limited, Non-Executive Director of iSentric Limited.

Mr Gary David Mares	—	Director Non-executive, appointed 29 September 2014. Alternative Director for Terry Cuthbertson appointed 17 July 2014,ceased 29 September 2014.
Qualifications	—	Fellow of The Institute of Chartered Accountants In Australia, Bachelor of Commerce, Registered Tax Agent.
Experience	—	Mr Mares has extensive public accounting, corporate governance and corporate services experience.
Interest in Shares and Options	—	32,237,260 ordinary shares of Montec International Limited held indirectly as at 30 June 2015.
Special Responsibilities	—	Member of the Audit Committee and Nomination and Remuneration Committee.
Directorships held in other listed entities	—	None.

Mr Peter Herd	—	Director (Non-executive), appointed from July 2004.
Qualifications	—	Bachelor of Economics (Honours)
Experience	—	Previously General Manager of Dairy Farmers' Milk and Beverage Division, previously Regional Director of Australasia for Coca-Cola South Pacific, Division President for Coca-Cola Far East in the Philippines and Country Manager for Hong Kong, Taiwan and Indonesia.
Interest in Shares and Options	—	26,651,711 ordinary shares of Montec International Limited held indirectly as at 30 June 2015.
Special Responsibilities	—	Member of the Audit Committee and Nomination and Remuneration Committee.
Directorships held in other listed entities	—	None.

DIRECTORS' REPORT (CONTINUED)

Information on Directors (continued)

Mr David Yu	—	Director (Non-executive), appointed from May 2010.
Qualifications	—	None.
Experience	—	Mr Yu has established several businesses in Australia to complement business interests in China in the areas of finance, travel and retail.
Interest in Shares and Options	—	Mr Yu has beneficiary interests in Aviation Travel Holdings Pty Ltd. 16,523,651 ordinary shares of Montec International Limited held by Aviation Travel Holdings Pty Ltd as at 30 June 2015.
Special Responsibilities	—	Key relationship holder with local business in Guangdong Province, including dairy company, and integral to China business development.
Directorships held in other listed entities	—	None.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Nick Geddes FCA, FCIS Company Secretary. Mr Geddes is the principal of Australian Company Secretaries, a company secretarial practice that he formed in 1993. Nick is past President of Chartered Secretaries Australia and a former Chairman of the NSW Council of that Institute. His previous experience, as a Chartered Accountant and Company Secretary, includes investment banking and development and venture capital in Europe, Africa the Middle East and Asia. Mr. Geddes is a Chartered Accountant (Fellow of Institute of Chartered Accountants in England & Wales) and Fellow of the Institute of Chartered Secretaries (Chartered Secretaries Australia).

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each key management person of Montec International Limited (the Company), and for the executive receiving the highest remuneration.

Remuneration Policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the nomination and remuneration committee and approved by the board after seeking professional advice from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, with the potential for options and other incentives. Option to be issued at the discretion of the Board. Since 1 October 2008, key management personnel has either received a reduced base salary or not been paid a salary.
- The nomination and remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance and executive performance.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

The performance of key management personnel is reviewed annually and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and option incentives are issued at the discretion of the Board. Any incentives or bonuses must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of other key management personnel executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the company and expensed, shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was as outlined in the Company's Initial Public Offering prospectus of $300,000 per annum. However, non-executive directors were not remunerated since 1 October 2008 to accomplish the reduction of expenditures for the Company. These amounts have been forfeited by the non-executive directors, not to be paid at future date. Therefore, no accrual has been made in the statement of financial position at year end.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers advice from external parties as well as the fees paid to non executive directors of comparable companies when undertaking the annual review process. Fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Key Management Personnel Remuneration Policy

The board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Since 1 October 2008, each Non-Executive Director has not received a fee for being a director of the company.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

Chief Financial Officer
Since 1 November 2008, Mr Lee was not remunerated.

Use of remuneration consultants
The Company did not engage any remuneration consultants during the year.

Key Management Personnel Compensation

a. Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Personnel	
Mr Terry Cuthbertson	Chairman — Non-Executive
Mr Peter Herd	Director — Non-Executive
Mr David Yu	Director — Non-Executive
Mr Gary David Mares	Alternative Director, appointed Director – Non-Executive 29 September 2014
Mr Kenneth Lee	Acting Chief Financial Officer

b. Options and Rights Holdings

No options are held by Key Management Personnel.

c. Shareholdings

Number of shares held by Key Management Personnel

	Balance 1/7/14	Received as Compensation	Options Exercised	Net Change Other (ii)	Balance 30/6/15
Key Management Personnel					
Mr Terry Cuthbertson	738,199,231	-	-	282,997,733	1,021,196,964
Mr Peter Herd	25,850,615	-	-	801,096	26,651,711
Mr David Yu (i)	16,523,651	-	-	-	16,523,651
Mr Kenneth Lee	31,000,000	-	-	1,607,671	32,607,671
Mr Gary David Mares	30,600,000	-	-	1,637,260	32,237,260
	842,173,497	-	-	287,043,760	1,129,217,257

(i) Note that Mr David Yu as at 30 June 2015 has beneficial interests in Aviation Travel Holdings Pty Ltd. 16,523,651 ordinary shares held by Aviation Travel Holdings Pty Ltd.
(ii) Movement related to Interest paid by shares issued in September and December 2014.

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DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

Details of Key Personnel Remuneration for the year ended 30 June 2015

The remuneration for the key management personnel during the year was as follows:

2015	Salary & Fees $	Superannuation Contribution $	Termination Benefits $	Non-Cash Benefits $	Options $	Total $	Performance Related %
Mr Terry Cuthbertson	-	-	-	-	-	-	-
Mr Peter Herd	-	-	-	-	-	-	-
Mr David Yu	-	-	-	-	-	-	-
Mr Gary Mares	-	-	-	-	-	-	-
Mr Kenneth Lee	-	-	-	-	-	-	-
Total Key Management Personnel	**-**	**-**	**-**	**-**	**-**	**-**	-

Details of Key Personnel Remuneration for the year ended 30 June 2014

2014	Salary & Fees $	Superannuation Contribution $	Termination Benefits $	Non-Cash Benefits $	Options $	Total $	Performance Related %
Mr Terry Cuthbertson	-	-	-	-	-	-	-
Mr Peter Herd	-	-	-	-	-	-	-
Mr David Yu	-	-	-	-	-	-	-
Mr Kenneth Lee	-	-	-	-	-	-	-
Total Key Management Personnel	**-**	**-**	**-**	**-**	**-**	**-**	-

Mr Gary Mares has not been included in the above table given his appointment on 17 July 2014 as alternative director for Mr Terry Cuthbertson occurred after 30 June 2014.

Options issued as Part of Remuneration for the year ended 30 June 2015

There were no options issued as part of remuneration for the year ended 30 June 2015 (2014: nil).

End of Audited Remuneration Report

DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

During the financial year, 5 meetings of directors (including committees) were held. Attendances by each director during the year were as follows:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			AUDIT COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE *	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Mr Terry Cuthbertson	5	5	1	1	-	-
Mr Peter Herd	5	5	1	1	-	-
Mr David Yu	5	-	1	-	-	-
Mr Gary David Mares	4	4	1	1	-	-

* Due to the Group's size, matters required to be discussed at a nomination and remuneration committee are covered at the directors' meeting.

Indemnifying Officers

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has paid premiums to insure each of the following directors and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or executive of the Company, other than conduct involving a willful breach of duty in relation to the Company.

  Mr Terry Cuthbertson   Mr Peter Herd   Mr Kenneth Lee
  Mr David Yu   Mr Gary David Mares

Options

There were no options granted over unissued shares or interest during or since the financial year by the Company or controlled entity.

During the year ended 30 June 2015 no ordinary shares of Montec International Limited were issued on the exercise of options granted under the Montec International Limited Employee Option Plan. No shares have been issued since that date.

At the date of this report, the unissued ordinary shares of the Company under option are nil.

DIRECTORS' REPORT (CONTINUED)

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with the Audit Committee confirm that non-audit services were provided by MNSA Financial Services Pty Ltd (being a related practice to MNSA Pty Ltd) for the year ended 30 June 2015 to the value of $2,000 (2014: $nil).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 42 and forms part of this director's report.

Signed in accordance with a resolution of the Board of Directors.

Terry Cuthbertson
Chairman
Dated this 31st August 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
Revenue	2	1,634	1,599
Compliance and professional fees		(148,491)	(176,009)
Administrative expenses		(19,250)	(22,286)
Travel expenses		(16,982)	(36,177)
Insurance expenses		(26,405)	(25,444)
Impairment of financial assets		-	-
Impairment of investments		(4,500)	(4,000)
Finance costs		(26,976)	(159,431)
Loss before income tax	3	**(240,970)**	**(421,748)**
Income tax expense	4	-	-
Loss for the year		**(240,970)**	**(421,748)**
Other comprehensive income			
Exchange differences on translating foreign operations		(26,090)	7,530
Other comprehensive income for the period, net of tax		(26,090)	7,530
Total comprehensive income for the period		**(267,060)**	**(414,218)**
Loss for the period attributable to members of the parent entity		**(240,970)**	**(421,748)**
Total comprehensive income for the period attributable to members of the parent entity		**(267,060)**	**(414,218)**
Basic and diluted earnings per share (cents per share)	7	(0.0001)	(0.0003)

The Financial Statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	8	43,334	389,240
Trade and other receivables	9	15,111	16,943
Other current assets	10	3,064	3,387
TOTAL CURRENT ASSETS		**61,509**	**409,570**
NON-CURRENT ASSETS			
Financial assets	12	2,684,452	2,564,887
TOTAL NON-CURRENT ASSETS		**2,684,452**	**2,564,887**
TOTAL ASSETS		**2,745,961**	**2,974,457**
CURRENT LIABILITIES			
Trade and other payables	14	267,745	347,104
Short-term provisions	15	16,193	16,193
Financial liabilities	16	250,000	465,518
TOTAL CURRENT LIABILITIES		**533,938**	**828,815**
TOTAL LIABILITIES		**533,938**	**828,815**
NET ASSETS		**2,212,023**	**2,145,642**
EQUITY			
Issued capital	17	23,787,388	23,453,947
Reserves	18	102,933	129,023
Accumulated losses		(21,678,298)	(21,437,328)
TOTAL EQUITY		**2,212,023**	**2,145,642**

The Financial Statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group	Issued Capital	Accumulated Losses	Reserves Share Options	Reserves Foreign Exchange	Total
	$	$	$	$	$
Balance at 1 July 2013	**20,788,060**	**(21,015,580)**	**-**	**121,493**	**(106,027)**
Total comprehensive income for the period	**-**	(421,748)	-	7,530	(414,218)
Shares issued during the year	2,830,385	-	-	-	2,830,385
Shares issue cost	(164,498)	-	-	-	(164,498)
Balance at 30 June 2014	**23,453,947**	**(21,437,328)**	**-**	**129,023**	**2,145,642**
Total comprehensive income for the period	**-**	(240,970)	-	(26,090)	(267,060)
Shares issued during the year	366,045	-	-	-	366,045
Shares issue cost	(32,604)	-	-	-	(32,604)
Balance at 30 June 2015	**23,787,388**	**(21,678,298)**	**-**	**102,933**	**2,212,023**

The Financial Statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Group 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(193,771)	(161,366)
Interest received		1,634	1,599
Finance cost		(152,127)	-
Net cash used in operating activities	22a	**(344,264)**	**(159,767)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Investments		(119,565)	(2,564,887)
Net cash (used in)/provided by investing activities		**(119,565)**	**(2,564,887)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		366,045	2,830,385
Shares issue cost		(32,604)	(164,498)
Repayment of borrowings		(415,518)	-
Proceeds from borrowings		200,000	265,518
Net cash provided by financing activities		**117,923**	**2,931,405**
Net (decrease)/increase in cash and cash equivalents held		(345,906)	102,751
Cash and cash equivalents at start of year		389,240	286,489
Cash and cash equivalents at end of year	8	**43,334**	**389,240**

The Financial Statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Theses general purpose financial statements have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements cover Montec International Limited and its controlled entities as a consolidated entity ("Group"). Montec International Limited is a company limited by shares, incorporated and domiciled in Australia.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of Montec International Limited and its controlled entities comply with International Financial Reporting Standards (IFRS). Montec International Limited is a for profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors on 31 August 2015.

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Significant Accounting Policies

a. **Principles of Consolidation**

A controlled entity is any entity that Montec International Limited has the power to control the financial and operating polices of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year-end, except for Beijing Montec Commercial Limited, which has a December year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered the consolidated group during the year, their operating results have been included from the date control was obtained.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed to ensure consistencies with those policies applied by the parent entity.

b. **Income Tax**

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Income Tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of Profit or Loss and other Comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

As all the controlled entities are foreign companies Montec International Limited has not formed a tax consolidated group under the tax consolidation regime.

c. Plant and equipment

Plant and equipment are measured on the cost basis, less accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	10% - *37.5%*

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of Financial Position date.

An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of Profit or Loss and other Comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight-line basis unless another method is more representative of the time pattern of the users benefits.

e. **Financial Instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

Classification and Subsequent Measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. **Financial Instruments (continued)**

Impairment of financial assets

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of Profit or Loss and other Comprehensive Income.

f. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of Profit or Loss and other Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. **Financial assets**

Non-current investments are measured on the cost basis as they represent investments in wholly owned subsidiaries which are consolidated in accordance with note 1(a). The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed by comparing the underlying net assets to carrying value recognised in the Company.

h. **Intangibles**

Patents and acquired rights

Patents and acquired rights are recognised at cost of acquisition and are amortised over the period in which their benefits are expected to be realised and adjusted for any impairment losses. The patents expired on 12 June 2012. The carrying amount of patents and acquired rights are reviewed annually to ensure they do not exceed the recoverable amount.

i. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Foreign Currency Transactions and Balances (continued)

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of Profit or Loss and other Comprehensive Income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of Profit or Loss and other Comprehensive Income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period, where this approximates the rate at date of transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of Financial Position. These differences are recognised in the statement of Profit or Loss and other Comprehensive Income in the period in which the operation is disposed.

j. **Employee Benefits**

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the consolidated group to employee superannuation funds and are charged as expenses when incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. **Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l. **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

m. **Revenue**

Revenue in the form of royalties from the utilisation of technology is recognised upon the sale of raw materials supplied as part of the contractual agreement with customers. Revenue is also derived from the sale of raw materials to customers which is recognised on the date of delivery.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

n. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. **Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. **Going concern**

The financial report has been prepared on the basis of a going concern notwithstanding, the consolidated group incurred a loss of $240,970 and had net cash used in operating activities of $344,264 during the year ended 30 June 2015, and had net deficiency in current assets of $472,429 at 30 June 2015. The cash flow projections of the consolidated entity evidence that the consolidated entity will require positive cash flows from additional capital funds or financing to continue operations. The Directors anticipate the funding provided will be sufficient to cover its liabilities when they fall due.

The consolidated group's ability to continue as a going concern is contingent upon successfully raising additional capital. Whilst the directors are confident of raising funds either through a capital raising or financing, should the need arise, if additional funds are not generated or raised, the going concern basis may not be appropriate. As a result the consolidated group may have to realise its assets and discharge its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Whilst there is material uncertainty, the directors consider it appropriate to prepare the accounts on a going concern basis as they are satisfied that, based on the cash flow forecasts prepared including receipts from future fund raising, the consolidated group will be able to meet its debts as and when they become due and payable for a period of at least 12 months from the date of this report.

q. **Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial statement based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates

Impairment of intangibles – Patents

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment of financial assets

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. **Adoption of new and revised accounting standards**

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. There were no significant effects on current period or future periods arising from the first-time application of these standards in respect of presentation, recognition and measurement of accounts.

s. **New Accounting Standards for Application in Future Periods**

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognize gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: REVENUE

	Note	Consolidated Group 2015 $	2014 $
Operating activities:			
— interest income – other persons		1,634	1,599
Total Revenue		**1,634**	**1,599**

NOTE 3: LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax has been determined after:

		2015	2014
Rental expense on property		(13,200)	(13,200)
Other expenses:			
— Legal fees		(24,908)	(21,796)
Loss on investments		(4,500)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: INCOME TAX EXPENSE

	Consolidated Group	
	2015	2014
	$	$
The prima facie tax on loss before income tax is reconciled to income tax as follows:		
a. Prima facie tax receivable on loss at 30% (2013: 30%)	(72,291)	(126,524)
Add:		
Tax effect of:		
— non-deductible amortization	-	-
— other non-allowable items	1,350	1,200
Less:		
Tax effect of:		
— foreign currency exchange profit not subject to income tax	-	-
— other allowable items	(163,857)	(155,052)
Tax effect of deferred tax assets not brought to account	234,798	280,376
Income tax expense attributable to entity	-	-
The applicable weighted average effective tax rates are as follows:	-%	-%

The directors estimate that the Group has carry-forward income tax losses of $18,828,320 (2014: $18,593,522) available to offset against future years' taxable income. The benefits of these losses have not been brought to account as there is no convincing evidence of future taxable profits to offset losses. The benefit will only be obtained if:

(i) The Group derives future assessable income of the nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised.

(ii) The Group continues to comply with the conditions for deductibility imposed by the law; and

(iii) No changes in tax legislation adversely affect the parent entity and its controlled entities in realising the benefit from the deductions for the losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: AUDITORS' REMUNERATION

	Consolidated Group 2015 $	2014 $
a. Remuneration of the auditor of the parent entity (MNSA Pty Ltd) for:		
— auditing and reviewing the financial statements	38,000	-
— Paid to Grant Thornton auditing and reviewing the financial statements	-	51,028
b. Remuneration for non-audit services of the parent entity (MNSA Financial Services Pty Ltd – paid to a related practice)		
— Tax	2,000	-

NOTE 6: DIVIDENDS

No interim and final dividends have been declared or paid during the current financial year, nor in the previous financial year.

The directors are recommending no final dividend be paid in the current financial year.

NOTE 7: EARNINGS PER SHARE

	Consolidated Group $ 2015	$ 2014
a. Reconciliation of earnings to net loss		
Net loss for the year	(240,970)	(421,748)
Earnings used in the calculation of basic and diluted EPS	(240,970)	(421,748)
b. Applying AASB 133:		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	4,122,491,384	1,322,909,439
Weighted average number of options outstanding not treated as dilutive	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	4,122,491,384	1,322,909,439

NOTE 8: CASH AND CASH EQUIVALENTS

	2015	2014
Cash at bank and in hand	43,334	389,240
Reconciliation of Cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	**43,334**	**389,240**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group $ 2015	$ 2014
CURRENT			
Trade receivables		572	572
Provision for doubtful debts	9a	-	-
		572	572
Term receivables		9,000	9,327
Other receivables		5,539	7,044
Provision for impairment of other receivables		-	-
		15,111	**16,943**

a. Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 60 day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the administrative expense items in the statement of Profit or Loss and other Comprehensive Income.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1.07.2014 $	Charge for the Year $	Amounts Written Off $	Closing Balance 30.06.2015 $
Consolidated Group				
Current trade receivable	-	-	-	-
	-	**-**	**-**	**-**

The aging of trade and other receivables are within 30 days.

NOTE 10: OTHER CURRENT ASSETS

Prepayments	3,064	3,387

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11: CONTROLLED ENTITIES

a. Controlled Entities	Country of Incorporation	Percentage Owned 2015	2014
Parent Entity:			
Montec International Limited			
Subsidiaries of Montec International Limited:			
— Beijing Montec Commercial Limited	China	100%	100%
— Montec International (HK) Limited	Hong Kong	100%	100%

b. Controlled Entities Acquired

No controlled entities acquired during the year ended 30 June 2015.

NOTE 12: FINANCIAL ASSETS

	Consolidated Group 2015 $	2014 $
CURRENT		
Loan – Ellsar Investments Pty Ltd (i)	398,212	398,212
Provisions for Impairment of Investment	(398,212)	(398,212)
	-	-
NON CURRENT		
Investments – Lark Distillery Pty Limited (ii)	2,684,452	2,564,887

(i) The terms of the loan agreement is for 18 months, with interest at 8% per annum payable quarterly in arrears. The Company may require Ellsar Investments Pty Ltd ("Ellsar") to repay the loan amount by either:

- issue the Company such number of shares as is required to satisfy the loan amount and any outstanding interest at a deemed issue price of $0.0000001 each; or
- exercising a call option to acquire all of the issued capital of Ellsar at a purchase price of $1.00.

The loan amount is fully impaired as at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12: FINANCIAL ASSETS (Continued)

(ii) During the financial year the Group acquired addition ownership interest in Lark Distillery Pty Limited (Lark), a Tasmanian based whisky distillery.

At 30 June 2015, the investment in Lark is recorded at cost, with no impairment.

The directors have determined that, although the Company holds in excess of 20% ownership and has one director of six directors on the Board, the Group does not control Lark or have significant influence over the operating and financial decisions of Lark.

Having regard to the acquisition of shares in Lark in January 2014 and a further subscription for shares in March 2015 by the Group no impairment charge has been made at 30 June 2015.

In considering matters relating to impairment the directors have taken into account:

a. The acquisition of shares at the cost equivalent to that of the Group by non-associated third parties to the Group & Lark in March 2015;
b. The improved operating performance of Lark in the period subsequent to acquisition by the Group;
c. Lark receiving the Telstra Tasmanian Business of the year Award Winner for 2014 and being awarded the Telstra National Small Business Award Winner for 2014.

NOTE 13: INTANGIBLE ASSETS

	Consolidated Group	
	2015	2014
	$	$
Patents at cost	3,423,601	3,423,601
Accumulated amortization	(1,686,348)	(1,686,348)
Impairment write down of patents	(1,737,253)	(1,737,253)
Total Intangible Assets	-	-

	Patent	Total
	$	$
Consolidated Group		
Year ended 30 June 2014		
Balance at the beginning of year	-	-
Amortisation charge	-	-
Closing value at 30 June 2014	-	-
Year ended 30 June 2015		
Balance at the beginning of year	-	-
Amortisation charge	-	-
Closing value at 30 June 2015	-	-

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 14: TRADE AND OTHER PAYABLES	Consolidated Group	
	2015	2014
	$	$
CURRENT		
Unsecured liabilities		
Trade creditors	89,545	56,551
Sundry creditors and accrued expenses	178,200	290,553
	267,745	**347,104**

NOTE 15: SHORT-TERM PROVISIONS

CURRENT		
Redundancy Provision	**16,193**	**16,193**

NOTE 16: FINANCIAL LIABILITIES

CURRENT		
Loan – Kore Management Services Pty Ltd (i)	200,000	50,000
Loan – Kore Management Services Pty Ltd (ii)	50,000	215,518
Loan – Nebral Pty Ltd and Trandara Pty Ltd (iii)	-	200,000
	250,000	**465,518**

(i) The loan was advanced by Kore Management Services Pty Ltd with interest rate at 12% until such time shareholders' approval is obtained to convert at the same term as the other noteholder in note (ii). The directors propose to seek shareholders' approval at the 2015 Annual General Meeting of the Company to convert the loan to shares in the Company

(ii) The Convertible note agreement is between Kore Management Services Pty Ltd and the Company. The convertible notes agreement of $50,000 is to provide working capital needs of the Company. The convertible note is issued for 6 months with interest rate at 12% per annum or 15% per annum if the maturity date is extended by three months and convertible to ordinary shares at $0.001 per share. The directors propose to seek shareholders' approval at the 2015 Annual General Meeting of the Company to convert the convertible note to shares in the Company

(iii) The Convertible Note Agreement between Nebral and Tandara and the Company. The convertible note agreement of $200,000 entered into by the Company was done so to provide for the working capital needs of the Company. The convertible notes were issued for 18 months with an interest rate of 12% per annum, payable quarterly in arrears and convertible to ordinary shares at the discretion of either party at $0.0025 per share. The convertible notes was redeemed in May 2015.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: ISSUED CAPITAL

	Note	Consolidated Group 2015 $	Consolidated Group 2014 $
4,255,687,448 (2014: 3,889,642,576) fully paid ordinary shares	17a	**23,787,388**	**23,453,947**

	Consolidated Group 2015 $	Consolidated Group 2014 $
a. Ordinary shares		
At the beginning of the reporting period	23,453,947	20,788,060
Share movements during the year:		
- Shares Issue of 132,126,591 ordinary shares at $0.001 per share on 29/09/2014	132,127	-
- Shares Issue of 233,918,281 ordinary shares at $0.001 per share on 5/12/2014	233,918	-
- Rights Issue of 2,830,385,483 ordinary shares at $0.001 per share on 28/5/2014	-	2,830,385
- Share issue costs	(32,604)	(164,498)
At reporting date	**23,787,388**	**23,453,947**

	Consolidated Group 2015 No.	Consolidated Group 2014 No.
b. Number of ordinary shares		
At the beginning of reporting period	3,889,642,576	1,059,257,093
Shares issued during the financial year ended 30 June 2015:		
- Shares Issue of 132,126,591 ordinary shares at $0.001 per share on 29/09/2014	132,126,591	-
- Shares Issue of 233,918,281 ordinary shares at $0.001 per share on 5/12/2014	233,918,281	-
Shares issued during the financial year ended 30 June 2014:		
- Rights Issue of 2,830,385,483 ordinary shares at $0.001 per share on 28/5/2014	-	2,830,385,483
At reporting date	**4,255,687,448**	**3,889,642,576**

The fair value ascribed to ordinary shares issued is based on the level of cash subscribed or the fair value assessed for services rendered or assets acquired with those issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: ISSUED CAPITAL (CONTINUED)

c. Capital Management

Management controls the capital of the group in order to ensure that the group can fund its operations and continue as a going concern.

NOTE 18: RESERVES

a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 19: CAPITAL AND LEASING COMMITMENTS

The Group had no capital lease commitments during the financial year ended 30 June 2015 and previous financial year ended 30 June 2014.

NOTE 20: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities of a material nature identified as at the date of this report.

NOTE 21: SEGMENT REPORTING

Identification of reportable segments

Montec International Limited has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The operations of the Group, being investing in Lark Distillery Pty Ltd in Australia and the sale and marketing of monounsaturated dairy technology and products in Australia and China. Operating segments are therefore determined on the same basis.

NOTE 21: SEGMENT REPORTING (CONTINUED)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter segment transactions

Segment revenues, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

Segment assets

Assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

Segment liabilities

Liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21: SEGMENT REPORTING (CONTINUED)

	Australia	China	Eliminations	Consolidated Group
	$	$	$	$
2015				
REVENUE				
Interest income	1,634	-	-	1,634
Total segment revenue	1,634	-	-	1,634
Total revenue				1,634
SEGMENT RESULT				
Expenses	(238,921)	(3,683)	-	(242,604)
Loss before income tax expense	**(237,287)**	**(3,683)**		**(240,970)**
Income tax expense				-
Loss after income tax expense				**(240,970)**
ASSETS				
Segment assets	2,744,945	1,016	-	2,745,961
Total assets	2,744,945	1,016	-	2,745,961
LIABILITIES				
Segment liabilities	447,084	547,120	(460,266)	533,938
Total liabilities	447,084	547,120	(460,266)	533,938
OTHER				
Depreciation and amortisation of segment assets	-	-	-	-
OTHER NON-CASH SEGMENT EXPENSES				
Loss on investments	4,500	-	-	4,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21: SEGMENT REPORTING (CONTINUED)

	Australia	China	Eliminations	Consolidated Group
	$	$	$	$
2014				
REVENUE				
Interest income	1,599	-	-	1,599
Total segment revenue	1,599	-	-	1,599
Total revenue				1,599
SEGMENT RESULT				
Expenses	(418,929)	(4,418)	-	(423,347)
Loss before income tax expense	**(417,330)**	**(4,418)**		**(421,748)**
Income tax expense				-
Loss after income tax expense				**(421,748)**
ASSETS				
Segment assets	2,970,519	3,938	-	2,974,457
Total assets	2,970,519	3,938	-	2,974,457
LIABILITIES				
Segment liabilities	772,621	444,321	(388,127)	828,815
Total liabilities	772,621	444,321	(388,127)	828,815
OTHER				
Depreciation and amortisation of segment assets	-	-	-	-
OTHER NON-CASH SEGMENT EXPENSES				
Loss on investments	4,000	-	-	4,000

NOTE 22: CASH FLOW INFORMATION

	Consolidated Group	
	2015	2014
	$	$
a. Reconciliation of Cash Flow from Operations with loss after Income Tax		
Loss after income tax	(240,970)	(421,748)
Non-cash flows in loss		
Foreign exchange	(98,228)	11,203
Impairment of financial assets	-	-
Impairment of investments	-	4,000
Other non cash items	-	159,431
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in trade and other receivables	28,305	(13,972)
Decrease in prepayments	323	8
(Decrease)/increase in trade creditors and accruals	(33,694)	101,311
Cash flow used in operations	**(344,264)**	**(159,767)**

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 24: RELATED PARTY TRANSACTIONS

	Consolidated Group	
	2015	2014
	$	$
Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
i. Controlled entities		
The outstanding receivables between the inter-companies have been eliminated on consolidation.		
ii. Director-related Entities		
During the year ended 30 June 2015, the Company paid rent to South American Iron and Steel Limited (SAY) in which Mr Terry Cuthbertson also holds the position of non-executive chairman. The rental lease is on month to month base at $1,000 per month. (2014: $12,000)	12,000	12,000
During the year ended 30 June 2014, the Company paid professional fees to Gary D Mares & Associates Pty Limited which is associated with Mr Gary David Mares for the preparation and filing of the 2012 & 2013 Company Tax returns.	-	4,160
iii. Key Management Personnel		
No other related party transactions with directors or executives of Montec International Limited or controlled entities occurred during the financial year ended 30 June 2015.		
iv. Share Transactions of Key Management Personnel		
Share transactions of directors during the financial year ended 30 June 2015 were:		
- Mr Peter Herd received 801,096 shares for interest on convertible notes in the name of Byre Pty Ltd	801	-
- Mr Terry Cuthbertson received 282,997,733 shares for repayment of loan and interest in the name of Kore Management Services Pty Ltd	282,998	-
- Mr Gary David Mares received 1,637,260 shares for interest on convertible notes in the name of La Herencia Pty Limited	1,637	-
Share transactions of directors during the financial year ended 30 June 2014 were:		
- Mr Peter Herd subscribed for 20,000,000 shares through the Rights issue in the name of Byre Pty Ltd	-	20,000
- Mr Terry Cuthbertson subscribed for 684,481,720 shares through the Rights issue in the name of Kore Management Services Pty Ltd	-	684,482
- Mr Kenneth Lee subscribed for 30,600,000 shares through the Rights issue in the name of Lee Superannuation Fund	-	30,600
- Mr Gary David Mares subscribed for 30,600,000 shares through the Rights issue in the name of La Herencia Pty Limited	-	30,600

NOTE 25: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Financial Risk Management Policy

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries.

The Board and Management monitor risks on a regular basis as part of formal board meeting and ad-hoc management discussion.

i. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are liquidity risks, foreign currency risk and credit risk.

Liquidity risks

The Group manages liquidity risk by continually monitoring forecast cash flows and generating when required additional capital funding as necessary. It is noted that the group does not have any borrowing facilities.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. The management managed the foreign currency transactions on a monthly basis to avoid the fluctuation on the exchange rate, while the Group does not have any material foreign currency risk exposure. Where exposures do arise, forward foreign exchange contracts will be applied.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2015.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

b. Financial Instruments

i. Derivative Financial Instruments
The Group has not participated in the use of any derivative financial instruments during the year.

ii. Financial instrument composition and maturity analysis
The tables below reflect the weighted average effective interest rate on classes of financial assets and financial liabilities:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
			$		$		$	
	2015	2014	2015	2014	2015	2014	2015	2014
Financial Assets:								
Cash	1.50%	2.00%	43,334	389,240	-	-	43,334	389,240
Trade and other receivables	-	-	-	-	15,111	16,943	15,111	16,943

	Fixed Interest Rate		Total	
			$	
	2015	2014	2015	2014
Financial Assets:				
Loan – Ellsar Investments Pty Ltd	8%	8%	-	-
Financial Liabilities:				
Loan – Nebral Pty Ltd and Trandara Pty Ltd	12%	12%	-	200,000
Loan – Kore Management Services Pty Ltd	12%	12%	250,000	50,000
Loan – Kore Management Services Pty Ltd	12%	12%	-	215,518

Trade and sundry payables are expected to be paid as follows:

	Consolidated Group	
	2015	2014
	$	$
Less than 6 months	58,935	25,645
Over 6 months	208,810	321,459
	267,745	**347,104**

iii. Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

The Group has performed a sensitively analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

NOTE 25: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2015	2014
	$	$
Change in profit		
- Increase in interest rate by 2%	33	32
- Decrease in interest rate by 2%	(33)	(32)
Change in equity		
- Increase in interest rate by 2%	33	32
- Decrease in interest rate by 2%	(33)	(32)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Chinese Renminbi, with all other variables remaining constant is as follows:

	Consolidated Group	
	2015	2014
	$	$
Change in profit		
- Improvement in AUD to RMB by 5%	(184)	(221)
- Decline in AUD to RMB by 5%	184	221
Change in equity		
- Improvement in AUD to RMB by 5%	(184)	(221)
- Decline in AUD to RMB by 5%	184	221

NOTE 26: ECONOMIC DEPENDENCY

Montec International Limited is dependent on dividend revenue being generated from its investment in Lark Distillery Pty Limited & other related business opportunities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: MONTEC INTERNATIONAL LIMITED PARENT COMPANY INFORMATION

	2015 $	2014 $
Parent entity		
ASSETS		
Current Assets	59,885	408,834
Non-current assets	2,684,452	2,564,887
TOTAL ASSETS	**2,744,337**	**2,973,721**
LIABILITIES		
Current liabilities	447,084	772,622
Non-current liabilities	-	-
TOTAL LIABILITIES	**447,084**	**772,622**
EQUITY		
Issued capital	23,787,388	23,453,947
Retained earnings	(21,500,927)	(21,263,640)
Share options reserves	-	-
Foreign currency revaluation reserves	10,792	10,792
TOTAL EQUITY	**2,297,253**	**2,201,099**
FINANCIAL PERFORMANCE		
Loss for the year	(237,287)	(417,330)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	**(237,287)**	**(417,330)**

GUARANTEES IN RELATION TO THE DEBTS OF SUBSIDIARIES

No guarantees provided under the deed of cross guarantee.

CONTINGENT LIABILITIES

No contingent liabilities of a material nature identified as at the date of this report.

CONTRACTUAL COMMITMENTS

There is no contractual commitment as at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 28: COMPANY DETAILS

The registered office of the Company is:

Montec International Limited
C/O Australian Company Secretaries Pty Ltd
Level 8, Suite 806, 70 Pitt Street
Sydney NSW 2000 Australia

The principal places of business are:

Montec International Limited
C/O Australian Company Secretaries Pty Ltd
Level 8, Suite 806, 70 Pitt Street,
Sydney NSW 2000

Beijing Montec Commercial Limited
Beijing China
Room 320, Ju An Office Building,
18 Bai Zi Wan Road,
Chaoyang District
Beijing PRC 100022

Montec International (HK) Limited
C/O Sky Trend Accounting Services Centre
Room 1215-1216, 12/F., Houston Centre,
63 Mody Road, Tsim Sha Tsui East,
Kowloon, Hong Kong

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 40 are in accordance with the *Corporations Act 2001 and*:

a. comply with Accounting Standards and the *Corporations Regulations 2001*;
b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity; and
c. complies with International Financial Reporting Standard as disclosed in Note 1.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
b. the financial statements and notes for the financial year comply with the Accounting Standards; and
c. the financial statements and notes for the financial year give a true and fair view;

3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Terry Cuthbertson
Chairman
Dated this 31st August 2015

MNSA

MONTEC INTERNATIONAL LIMITED ACN 104 600 544
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MONTEC INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro
Sydney

Dated this 31st day of August 2015

MNSA PTY LTD
ABN 59 133 605 400

Level 1, 283 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001

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Email admin@mnsa.com.au

MNSA

MONTEC INTERNATIONAL LIMITED ACN 104 600 544
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTEC INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Montec International Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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MNSA

Auditor's Opinion
In our opinion:

a) the financial report of Montec International Limited is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b.) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1(p) in the financial report which indicates that the consolidated entity incurred a net loss of $240,970; net cash used in operating activities of $344,264 and a net current asset deficiency of $472,429 for the year ended 30 June 2015. These conditions, along with other matters as set forth in Note 1(p), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the Remuneration Report
We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the remuneration report of Montec International Limited for the year ended 30 June 2015 complies with s 300A of the *Corporations Act 2001*.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro
Sydney

Dated this 31st day of August 2015

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