BRAINZ

(Incorporated in New Zealand)
ARBN 116 829 675

PROSPECTUS

Lead Manager
JT Campbell & Co. Pty Limited

www.brainz.com

This is an important document which should be read in its entirety.
You may wish to consult your professional adviser about its contents.

CONTENTS

SECTION 1 - INVESTMENT OVERVIEW 4

SECTION 2 - SUMMARY OF THE OFFER 9

SECTION 3 - THE CLINICAL NEED 13

SECTION 4 - THE COMPANY'S BUSINESS 17

SECTION 5 - THE DIRECTORS & MANAGEMENT 27

SECTION 6 - FINANCIAL INFORMATION 31

SECTION 7 - INDEPENDENT ACCOUNTANT'S REPORT 44

SECTION 8 - PATENT ATTORNEYS' REPORT 47

SECTION 9 - RISK FACTORS 51

SECTION 10 - ADDITIONAL INFORMATION 56

SECTION 11 - DEFINED TERMS 83

APPLICATION FORM 87

(This page has been intentionally left blank)

Important Information

This Prospectus is dated 2 November 2005 and a copy of this Prospectus has been lodged with ASIC. BrainZ will apply within 7 days after the date of this Prospectus for listing and quotation on the ASX of the existing Shares (other than those which under the Listing Rules are designated as restricted securities and for which BrainZ issues share certificates) as well as the Shares issued under this Prospectus. Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus. The fact that the ASX may admit BrainZ to the ASX official list and quote the Shares issued under this Prospectus is not to be taken in any way as an indication of the merits of BrainZ or the merits of the Offer. The expiry date of this Prospectus is 30 November 2006. No securities will be issued on the basis of this Prospectus later than the expiry date.

Investing in the Shares involves risks. See 'Risk Factors' in section 9 for a discussion of certain risks that you should consider prior to investing in the Shares.

Before deciding to invest in BrainZ, you should read the entire Prospectus and, in particular, you should carefully consider the risk factors that could affect BrainZ's financial performance. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding whether to invest.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation which is not contained in this Prospectus may not be relied on as having been authorised by BrainZ or any other person in connection with the Offer.

Restrictions on Distribution

This Prospectus does not constitute an offer of Shares or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. BrainZ disclaims all liabilities, costs or expenses incurred by these persons. BrainZ has not taken any action to register or qualify this Prospectus, the Shares or the Offer, or otherwise to permit a public offering of its Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Shares have not been, and will not be, registered under the US Securities Act of 1933 (Securities Act) and may not be offered, sold or resold in, or to persons in, the USA except in accordance with an available exemption from registration. Any offer, sale or resale of Shares in the USA by a dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if made prior to 40 days after the date on which the Shares are allocated under the Offer or if such Shares were purchased by a dealer under the Offer.

The Shares may not be offered or sold in New Zealand except in accordance with the Securities Act 1978 (New Zealand) and the Securities Regulations 1983 (New Zealand), or an exemption from the restrictions imposed by that legislation on offer and allotment of securities to the public.

Exposure Period

The Corporations Act prohibits the processing of Applications during the Exposure Period. The Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period. This Prospectus will be made generally available during the Exposure Period at JT Campbell at Level 35, 101 Collins Street, Melbourne 3000 or BrainZ's registered office in Australia, 2/2b Birmingham Avenue, Villawood, NSW 2163 and through contacting Computershare on 1300 730 274 (within Australia) or+61 3 9415 4111 (outside Australia).

Privacy

If you apply for Shares, you will be required to provide personal information to BrainZ and the Share Registry. BrainZ and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide the facilities and services that you request and carry out appropriate administration.

All personal information will be collected in accordance with the National Privacy Principles as set out under the Privacy Act 1988 (Cth). Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed.

BrainZ and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988:

- the Share Registry, for ongoing administration of the Register;
- the printers and the mailing house, for the purposes of preparation and distribution of statements and for handling of mail; and
- if applicable, members of BrainZ, in order to verify that you qualify as an employee eligible for the BrainZ Share Option Plan.

If you become a shareholder, your information may also be used or disclosed from time to time to inform you about matters that BrainZ thinks may be of interest to you. If you do not want your personal information to be used for this purpose, you should contact Computershare on 1300 730 274 (within Australia) or +61 3 9415 411 (outside Australia).

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) BrainZ, or the Share Registry. You can request access to your personal information by telephoning Computershare on 1300 730 274 (within Australia) or +61 3 9415 4111 (outside Australia) or writing to BrainZ through the Share Registry as follows:

BrainZ Share Offer
c/- Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Australia

In certain circumstances, BrainZ or the Share Registry may charge a fee to access your personal information, particularly where your request requires compilation or personal information that has been archived or is of a significant size.

Status of BrainZ

BrainZ is a company incorporated in New Zealand. It is a registered foreign company in Australia. The liability of its members is limited to the amount (if any) unpaid on the Shares respectively held by them. As a New Zealand incorporated company and an Australian registered foreign company, BrainZ is subject to the laws of both New Zealand and Australia. However, BrainZ will only apply for listing on ASX. See section 10.7 for further details of a number of applicable New Zealand corporate laws.

References to currency

In this Prospectus, references to NZ$ or NZ cents are to New Zealand dollars or New Zealand cents, the legal currency of New Zealand. References to A$ or A cents are to Australian dollars or Australian cents, the legal currency of Australia.

All amounts translated into Australian currency in the Prospectus are provided solely for the convenience of the reader and no representation is made that the New Zealand or Australian dollar amounts referred to in the Prospectus could have been, or could be, converted into Australian dollar amounts or New Zealand dollar amounts, as the case may be, at any particular rate, or at all.

Accounts

As a New Zealand company, BrainZ prepares its audited financial statements in accordance with New Zealand Accounting Standards. These Standards and Australian Accounting Standards differ in certain respects. For discussion of certain material differences as they apply to BrainZ, refer section 6 - Financial Information.

Questions

If you have any questions in relation to the Offer, please call Computershare on 1300 730 274 (within Australia) or +61 3 9415 4111 (outside Australia).

Diagrams

Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.

Definitions & Glossary

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary at the end of the Prospectus. The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. Stated annual percentage changes in this document have been calculated on an annual compound basis. Where there is a reference to a specific year, it is a reference to the period of 12 months up to and including 31 August of that year, unless otherwise stated. References to sections are to sections of this Prospectus.

CHAIRMAN'S LETTER

2 November 2005

Dear Investor

Offer of BrainZ Instruments Limited Shares

On behalf of the Directors, it is my pleasure to invite you to become a shareholder of BrainZ Instruments Limited.

BrainZ is a medical technology company based in Auckland, New Zealand. BrainZ specialises in the research, development, manufacturing and sale of innovative brain monitoring technology specifically designed for long term continuous monitoring and detection of brain injury and seizures.

BrainZ's business strategy is based on the recognised clinical need for a dynamic bedside tool that can monitor brain function and is able to assess and predict brain injury and seizure activity in the intensive care setting. While continuous monitoring of respiratory and cardiovascular systems has become a feature of hospital-based intensive care medical departments world wide, routine monitoring of the brain in a manner that delivers immediate brain function information to bedside clinical staff is in its early stages of growth.

The Directors believe the only standard alternative to bedside brain monitoring technology which provides objective brain function information is traditional electroencephalograph (EEG) equipment. The Directors believe that such equipment is unlikely to be widely adopted in the intensive care unit (ICU) setting because it is resource-constrained both by unit cost and availability of expert staff for the purposes of application and interpretation. The BrainZ technology allows brain function information to be placed in the hands of the clinical decision-makers in the intensive care environment.

The Directors believe that BrainZ faces only limited competition despite the scale and attractiveness of this market opportunity. Furthermore, competitive advantage is obtained through a comprehensive intellectual property portfolio, highly qualified management and scientific personnel, a distribution collaboration with GE Healthcare and an active clinical trial programme in Australasia, the USA and Europe.

In order to fully exploit existing relationships in the distribution of the BrainZ technology, BrainZ must invest further in marketing, research and clinical support over the next few years, initially to maximise sales into the neonatal area and then to support launches into new clinical applications in the USA, UK and in other global markets. The money raised by BrainZ through this Offer will be used primarily for these purposes.

I invite you to examine the detailed information in this Prospectus and look forward to welcoming you as a Shareholder.

Yours sincerely

P. M. Smith

Michael Smith
Chairman

SECTION 1 - INVESTMENT OVERVIEW

The information provided in this section is a summary only. It is not intended to be comprehensive and should be read in conjunction with the information contained in the remainder of this Prospectus before any decision is made to invest in BrainZ.

1.1 Offer Summary

	Minimum subscription	Including full oversubscriptions
Amount to be raised	**A$10.0 million**	**A$13.0 million**
Application Price	**A$0.50 per Share**	**A$0.50 per Share**
Shares being offered to investors	**20,000,000**	**26,000,000**
Shares on issue following the Offer*	**54,000,000**	**60,000,000**
Options proposed to be issued	**5,803,669**	**5,803,669**
Market capitalisation at Offer Price undiluted**	**A$27.0 million**	**A$30.0 million**

* *This assumes successful completion of the Offer.*

** *Calculated by multiplying the number of Shares on issue following completion of the Offer by the Offer Price (A$0.50 per Share). Excludes any Shares that may be issued by BrainZ if options on issue are exercised. Refer to section 10.6 and 10.8 for information regarding options.*

1.2 Important dates

Important Dates

Offer opens	10 November 2005
Offer closes	30 November 2005
Allotment date	5 December 2005
Expected dispatch of holding statements	6 December 2005
Shares expected to commence trading on the ASX on a normal settlement basis	13 December 2005

All references to dates are Australian dates and all references to time are to Australian Eastern Daylight Time. These dates are indicative only and BrainZ reserves the right to vary the dates and times of the Offer (including, without limitation, the Closing Date of any part of the Offer) without notifying you. If you wish to apply, you are encouraged to submit your Application as soon as possible.

1.3 What are the purposes of the Offer?

Expected Use of Funds	Amount A$M	Amount NZ$M	% of proceeds
Sales, marketing and product support	3.9	4.3	39%
Clinical trial costs	1.1	1.2	11%
Research and development	0.9	1.0	9%
Management and administrative costs	0.5	0.6	5%
Repayment of shareholder loan	0.4	0.4	4%
Costs of the Offer	1.0	1.1	10%
Other	2.2	2.5	22%
Total	10.0	11.1	100%

* Amounts are based on midpoint of NZ$/A$ exchange rate of 0.9091 as provided by ASB Bank Limited at 5.00pm on 30 September 2005. Assumes minimum subscription raised.

The Directors confirm that, on completion of the Offer and receipt of the minimum subscription of A$10 million, BrainZ will have enough working capital to pursue its business objectives as stated above. In relation to the proposed use of funds described above, it should be recognised that there will typically be differences between estimated and actual costs, because events and circumstances frequently do not occur as expected and those differences may be material. In this regard you should carefully read and consider the risk factors set out in section 9.

In the event that up to A$3 million of further funds are raised by way of oversubscriptions, BrainZ intends to use the funds proportionately for the purposes of sales, marketing and product support (up to A$2.2 million), other working capital (up to A$0.6 million) and meeting the costs of the Offer (up to A$0.2 million).

INVESTMENT OVERVIEW

'Continuing to ignore brain function in ICU patients is now difficult to justify.'

Dr Lawrence J Hirsch, Comprehensive Epilepsy Centre, Columbia University, New York, NY, USA from 'Brain Monitoring: The Next Frontier of ICU Monitoring'.

'There is a great need for bedside brain monitoring equipment in paediatric intensive care - a significant proportion of our patients would benefit from a bedside device that could provide real-time, continuous easy-to-interpret neurological information. From my experience of the company, BrainZ is a leader in the emerging area of bedside brain monitoring, and their technology could play an important role in paediatric intensive care.'

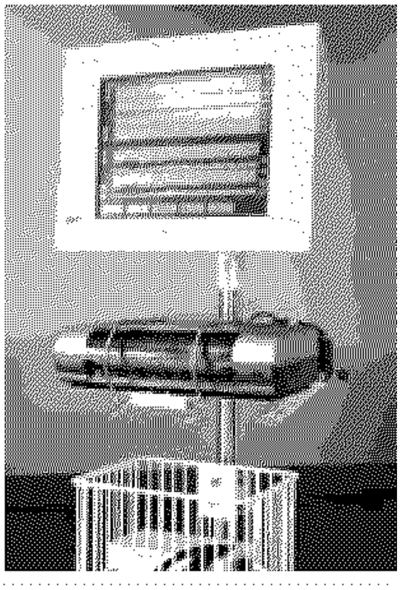
Professor Frank Shann, Director of Intensive Care, Royal Children's Hospital, Melbourne, Australia.

'BrainZ is playing a significant role in the development of clinically valuable bedside brain monitoring technology - this is a rapidly expanding field that is addressing real areas of clinical need related to neonatal brain injury.'

Associate Professor Terrie Inder, Associate Professor in Paediatrics, Director Neonatal Neurology, St Louis Children's Hospital, Washington University, St Louis, Missouri, USA and BrainZ Scientific Advisory Board Member.

'There is significant clinical need for continuous bedside brain monitoring within the neonatal intensive care - and this monitoring area is rapidly growing around the world. BrainZ is a developer of innovative bedside brain monitoring technology.'

Professor Linda de Vries, Wilhelmina Children's Hospital, Utrecht, Netherlands.



Bedside brain monitoring – an unmet clinical need

- While continuous monitoring of respiratory and cardiovascular systems has become a feature of hospital-based intensive care medical departments world wide, routine monitoring of the brain in a manner that delivers immediate brain function information to bedside clinical staff is in its early stages of trial and growth, with many facilities having no capacity at all in this field.
- BrainZ has developed a bedside brain injury monitoring tool to assist clinical decision-making and positively affect neurological outcomes when used in conjunction with other clinical data, physical examination and other tools such as advanced imaging techniques.
- It is expected that demand for bedside brain monitoring tools will be supported by:

  - growing clinical awareness that continuous brain injury monitoring adds clinical value;
  - increasing accessibility and utility of bedside brain injury monitoring technology;
  - increasing focus on improvement of neuroprotection in acute medical settings; and
  - potential risk and liability issues resulting from not utilising the available technology.

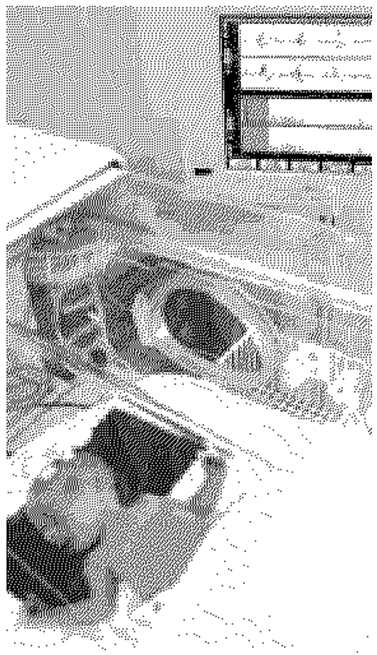
Significant market

- The following table summarises the Directors' views on potential market sizes. The estimates are based on the Directors' belief that the size of the world market outside the USA equates to the size of the USA market.

Segment category	USA total beds in category	Worldwide addressable market for monitor sales on a total cumulative basis at maturity[1]	Worldwide addressable market for consumables and support and maintenance fees on an annual basis at maturity[2]
Neonatal Intensive Care Unit (Level 3)[3]	17,000 beds	A$170 million	A$44 million
Paediatric ICU	4,000 beds	A$40 million	A$10 million
Cardiac Surgery	10,000 beds	A$150 million	A$39 million
Adult ICU	40,000 beds	A$200 million	A$52 million
Total	71,000 beds	A$560 million	A$145 million

Robust sales growth

- In the Australian and New Zealand markets, 22 hospitals have completed trials of BrainZ's BRM2 Brain Monitor (BRM2) with 86% (19) of these progressing to purchase of a BRM2 monitor.
- The number of BRM2 monitors sold to hospitals in the four months to 30 September 2005 exceeds the number sold to hospitals in the preceding 18 months.
- BrainZ launched the BRM2 into USA and UK markets in 2005 through an exclusive distribution agreement with GE Healthcare.
- The Directors expect BrainZ to launch in Canada, selected European countries and Singapore over the next 12 months. These regions have been selected due to their market potential, regulatory systems and known interest in bedside EEG technology.
- To date, outside of the established markets of Australia, New Zealand, USA and UK, BRM2 monitors are in use in hospitals in 11 countries.



Competitive advantage

- BrainZ is aware of two other organisations currently promoting specialised bedside brain injury monitoring technology.
- The Directors believe the BRM2 has a number of valuable attributes including the following:
  - provides comprehensive functional information from both hemispheres of the brain;
  - provides this information in a user-friendly manner, allowing ease of application and interpretation by both non-specialist medical and nursing staff;
  - has readily upgradeable features;
  - offers high signal quality as well as continuous information on signal quality status;
  - has IP protection over specific functionalities; and
  - has developed a high profile through an international clinical trial programme operating in seven countries.
- The Directors believe that these attributes collectively underpin BrainZ's competitive advantage.

[1] This is a total cumulative estimate which would be spread over the adoption cycle to maturity, rather than an annual recurring figure.

[2] This is an annual recurring figure based on the addressable market for the number of installed monitors at maturity, assuming continued utilisation of the installed base. The figures exclude any revenues derived from software upgrades.

[3] A 'Level 3' bed refers to an ICU bed capable of providing long term ventilatory support. While the Directors believe that the BRM2 has application to neonatal ICU beds that are not Level 3, they have not quantified this opportunity in their estimates of the addressable market.

Multiple revenue streams

- BrainZ's business model enables revenue streams to be generated from four separate sources:
  - monitor sales;
  - sale of associated consumable materials which are supplied on a recurring basis;
  - ongoing support and maintenance fees; and
  - fees for software upgrades.

Strong distribution partner

- BrainZ has entered into a formal distribution agreement with GE Healthcare which is one of the largest suppliers of modular patient monitoring systems in the world.

Regulatory approval obtained for USA, Europe, Canada and Australasia

- US Food and Drug Administration (FDA) approved the BRM2 monitor via the 510(k) approval process.
- CE Mark status has been granted to BrainZ to allow entry into European markets and associated approval for entry into Canada.
- BRM2 monitor has been approved for use in New Zealand by Medsafe and Australia by the Australian Therapeutic Goods Administration (TGA).

Accomplished management and Board

- Dr Justin Vaughan, CEO of BrainZ since mid 2003, spent seven years as a practising physician and also has significant experience in the global pharmaceutical industry.
- Richard Smith, GM US Operations and VP Business Development, has 20 years of experience in the USA medical device industry including significant success in the marketing of new technologies.
- The Board is chaired by Michael Smith, who is a Director of several public companies including Fisher & Paykel Healthcare Corporation Limited (Deputy Chairman).
- The Board is supplemented by Dr James Brown, Chairman of Life Therapeutics Limited, an ASX listed company, and formerly Vice President for Global Alliances for GE Healthcare and Keith Aitchison, CA, Finance Director of Tru-Test.

Protected intellectual property position

- BrainZ has been granted patent protection in relation to its bedside brain monitoring technology.
- Whilst some of these patents have not yet been issued, the minimum patent life continues until 2012 when the first relevant patent expires.

Unique market position

The Directors believe:

- BrainZ has a unique pool of assets based on a proven commercialised product, the experience base of its staff and research team, patented technologies and a clinical trial programme in place across seven countries; and
- BrainZ is positioned to be a leading player in the nascent bedside brain monitoring segment of the health services market.

SECTION 2 - SUMMARY OF THE OFFER

2.1 The Offer

A minimum of 20,000,000 Shares are being offered for issue to investors at a price of A$0.50 per Share. The Company reserves the right to accept oversubscriptions for a maximum of a further 6,000,000 Shares at A$0.50 per Share.

All shares will rank equally in all respects following the Offer.

The capital structure of BrainZ following the close of the Offer will be as follows:

	Number of Shares (minimum subscription)	Post Offer (minimum subscription)	Number of Shares (fully oversubscribed)	Post Offer (fully oversubscribed)
Shares held by existing shareholder	34,000,000	63.0%	34,000,000	56.7%
New Shares issued by BrainZ	20,000,000	37.0%	26,000,000	43.3%
Total Issued Capital	**54,000,000**	**100.0%**	**60,000,000**	**100.0%**

The Company proposes to issue 5,803,669 Options to senior management, Directors and other associates that if exercised will result in the issue of Shares ranking equally with all other fully paid shares in BrainZ. Refer to sections 10.6, 10.8 and 10.9 for the terms of those Options and details of the number of Options to be issued to Directors.

2.2 Key Dates*

Event	Date
Opening Date of the Offer	10 November 2005
Closing Date of the Offer	30 November 2005
Expected date of dispatch of holding statements for Shares	6 December 2005
Expected date of commencement of trading of Shares on ASX	13 December 2005

* All references to dates are Australian dates and all references to time are to Melbourne, Australia time. These dates are indicative only and BrainZ reserves the right to vary the dates and times of the Offer (including, without limitation, the closing date of any part of the Offer) without notifying you. If you wish to apply, you are encouraged to submit your Application as soon as possible.

2.3 How to Apply for Shares

To participate in the Offer, the Application Form accompanying this Prospectus must be completed in accordance with the instructions on its reverse side. Applications must be for at least 4,000 Shares at A$0.50 per Share or greater numbers in multiples of 100.

Duly completed applications must be received by Computershare by no later than 5.00 pm Australian Eastern Daylight Time on 30 November 2005. **However BrainZ reserves the right to close the Offer at any time after the Application List opens. Investors are urged, therefore, to lodge their application as soon as possible. BrainZ also reserves the right to extend the period of the Offer.**

Broker firm Offer

As at the date of this Prospectus, the Offer is only open to investors who have received a firm allocation of Shares from JT Campbell or a broker.

If you are applying under the Offer, you should forward your completed Share Application Form together with the Application Monies directly to JT Campbell or the broker from whom a firm allocation was received, in accordance with the instructions provided by JT Campbell or the broker.

Submission of an Application constitutes an irrevocable offer by you to acquire Shares on the terms and conditions set out in this Prospectus and in the Application Form.

All Offers to Applicants are made under this Prospectus and those Applicants are required to apply for Shares pursuant to this Prospectus.

BrainZ reserves the right to offer Shares to the general public pursuant to this Prospectus.

2.4 Allocation of Shares

BrainZ in consultation with JT Campbell, reserves the right to reject any Application (including where an Application has not been completed correctly) or to allocate to any Applicant fewer Shares than the number of Shares that the Applicant has applied for, or vary the dates and times of the Offer without prior notice. If the number of Shares issued to an Applicant is less than the number applied for, surplus Application Monies will be refunded without interest.

The Directors in consultation with JT Campbell, have absolute discretion as to the final allocation of Shares.

2.5 Minimum Subscription

The Offer is subject to a minimum subscription of A$10 million. The Offer will not proceed and no Shares will be issued until the minimum subscription has been received. If BrainZ does not receive the minimum subscription within four months after the issue of this Prospectus, all Applications will be refunded in full (without interest).

2.6 Oversubscriptions

BrainZ reserves the right to accept oversubscriptions of up to a total of 6,000,000 Shares, raising up to a further A$3 million.

2.7 Disbursement of Application Monies

All monies received with Applications under the Offer will be held in a special purpose trust account until the Shares are issued to successful applicants. Refunds will be made in the following circumstances:

- the Offer does not proceed (for example if BrainZ does not receive the minimum subscription of A$10.0 million); or
- if BrainZ is not admitted to the Official List and the Shares issued under this Prospectus are not granted official quotation within three months after the date of this Prospectus; or
- your Application is not accepted or you were allocated a lower number of Shares that you applied for,

in which case you will receive a refund (without interest) of all or part of your Application Monies, as applicable. After the Shares are issued, the monies not refunded from the special purpose trust account will be payable to BrainZ for the new Shares issued in favour of Applicants.

2.8 Foreign Selling Restrictions

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold in the USA except in accordance with an exemption from the registration requirements of the Securities Act. The Shares may not be offered or sold in New Zealand except in accordance with the Securities Act 1978 (New Zealand) and the Securities Regulations 1983 (New Zealand), or an exemption from the restrictions imposed by that legislation on offer and allotment of securities to the public.

This Prospectus may not be distributed in the USA or elsewhere outside Australia. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant in the Offer will be taken to have represented, warranted and agreed as follows:

- the Applicant is not acting for the account or benefit of, any person in the USA, a USA person, or any other foreign person; and

- the Applicant will not offer or sell the Shares in the USA or in any other jurisdiction outside Australia except in transactions exempt from registration under the Securities Act and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold.

2.9 Australian Stock Exchange Limited Listing

Application will be made to the ASX no later than 7 days after the date of this Prospectus for BrainZ to be admitted to the Official List and for official quotation of the existing Shares (other than those which under the Listing Rules are designated by ASX as restricted securities and for which BrainZ issues share certificates) and the Shares issued under this Prospectus. If granted, official quotation will commence as soon as practicable after the issue of the Shares to investors. The ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit BrainZ and the Shares to its Official List is not to be taken in any way as an indication of the merits of the Shares offered under this Prospectus.

If BrainZ is not admitted to the Official List and the Shares issued under this Prospectus are not granted official quotation within 3 months after the date of this Prospectus, none of the Shares offered under this Prospectus will be issued and all Application Monies will be refunded (without interest) to Applicants within the time prescribed by the Corporations Act.

2.10 CHESS

BrainZ will apply to be admitted to participate in the Clearing House Electronic Subregister System, known as CHESS.

All ASX trading in the Shares after Listing will be settled through CHESS. Computershare Investor Services Pty Limited will operate an electronic issuer sponsored subregister. ASTC administers the CHESS subregister. Both subregisters will constitute BrainZ's principal share register in Australia.

Subject to the Listing Rules and the Companies Act, BrainZ will not issue share certificates to Applicants who are issued Shares. Following the issue, BrainZ will provide each shareholder with a notice that sets out the number of Shares issued to the shareholder. The notice will also inform shareholders of their Securityholder Reference Number, where they are held on the issuer sponsored subregister or Holder Identification Number if they are held on the CHESS subregister. If a shareholding changes during a month, the shareholder will be issued with a statement at the end of that month. Shareholders may also request statements at any other time, although BrainZ may charge an administration fee in this case.

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their notice do so at their own risk.

2.11 Restricted Securities

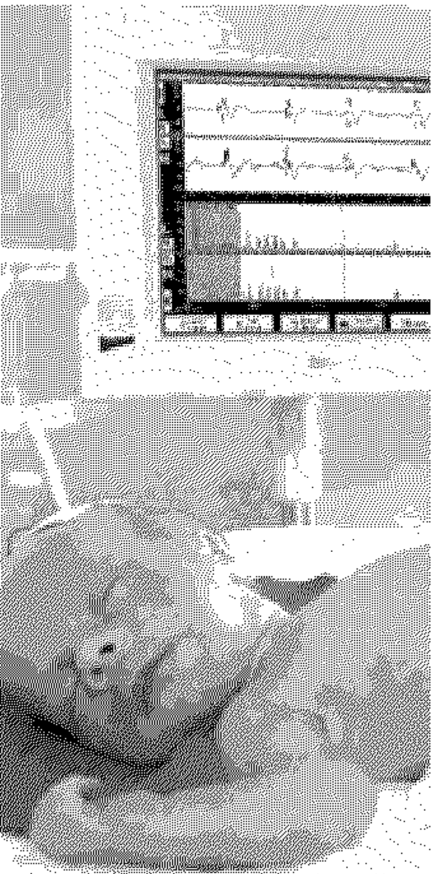
ASX may, as a condition of granting BrainZ's application for official quotation of its Shares, classify certain existing Shares or Options or both as restricted securities. If so, prior to official quotation of BrainZ's Shares on ASX, the holders of the restricted securities and their controllers will be required to enter into restriction agreements with BrainZ.

The Directors expect that the escrow arrangements will prohibit the transfer of effective ownership or control of some or all of the Shares or Options held by the existing shareholders and Option holders of BrainZ for a period of up to 24 months without the holders of those Shares and Options first obtaining the written consent of ASX to the transfer.

To the extent ASX does not require restriction agreements in respect of securities held by Tru-Test, a voluntary escrow restriction has been entered into between BrainZ and Tru-Test in respect of all of the Shares and Options held by Tru-Test. The voluntary escrow period will be the period of 12 months starting on the earliest date the Shares are quoted on ASX.

2.12 Underwriting

The Offer is not underwritten and will not proceed if the Company does not receive the minimum subscription of A$10.0 million.



2.13 Offer Management

The Offer will be managed by JT Campbell. The main provisions of the Offer Management Agreement (including the commissions and other payments payable to JT Campbell) and the circumstances under which JT Campbell may terminate its obligations are set out in section 10.5.

2.14 Distribution Policy and Future Income

BrainZ's objectives are set out in sections 1 and 4.2.

The ability of BrainZ to pay a distribution to its shareholders at any time in the future is dependent on many factors, including revenue flows, the outcome of its research and development, its ability to commercialise any resultant product. The amount, timing and payment of any future distribution will depend on a range of factors including future capital and research and development requirements, the level of future profits and the financial and taxation position generally of BrainZ at the time. There will also be factors that affect the ability of BrainZ to pay distributions and the timing of those distributions that will be outside the control of BrainZ and its Directors. The Directors are therefore unable to give any assurance regarding the payment of distributions in the future, if at all.

2.15 Investment Risks

An investment in BrainZ should be considered speculative. Before making an investment decision, potential investors should read the entire Prospectus. In particular, investors should give full consideration to the detailed discussion on the risks that are associated with, and could affect the financial performance of an investment in BrainZ as set out in section 9.

2.16 Important Notice

Prospective investors should read the full text of this Prospectus, as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of BrainZ or the Shares offered under this Prospectus.

2.17 Enquires Regarding the Offer

If you have any questions regarding the content of this Prospectus or how to complete the Application Form, please contact your stockbroker, accountant, lawyer or independent financial adviser.

SECTION 3 - THE CLINICAL NEED

3.1 Current Methods for Assessing Brain Function

A large group of patients within hospital intensive care units have suffered, or are at significant risk of, brain injury and seizures. While continuous monitoring of respiratory and cardiovascular systems has become a feature of hospital-based intensive care medical departments world wide, routine monitoring of the brain in a manner that delivers immediate brain function information to bedside clinical staff is in its early stages of trial and growth, with many facilities having no capability at all in this field.

There are three existing standard assessments of brain function in hospital settings. These are clinical assessment, neuro-imaging technology and electroencephalography. The Directors believe each has shortcomings in the ICU setting.

The following chart summarises the main features of three existing standard assessments of brain function and the Directors' view of their shortcomings in the ICU setting.

CLINICAL ASSESSMENT	NEURO-IMAGING	ELECTROENCEPHALOGRAPHY
Features Performed by clinicians – can provide an overall picture of neurological status.	Computed Tomography Imaging (also known as CT and CAT scans) Magnetic Resonance Imaging (also known as MRI Scans) Cranial ultrasound	**Features** The electroencephalogram (EEG) assesses brain function through measurement of electrical activity.
ICU Shortcomings Relies on human observation and interpretation of observations in a pressure environment.	**Features** Provides information on brain structure and anatomy.	**ICU Shortcomings** The EEG has traditionally been viewed as too complex for ICU clinical staff and requires specialist input from neurology and neurophysiology personnel. Limited accessibility to EEG and recordings are generally of short duration.
	ICU Shortcomings Most scanning technology requires restraint of patient movement which is not always possible in the ICU setting. Provides only a "snapshot" of brain structure and no direct information regarding brain function.	

Of the three existing standard assessments, the only option which provides objective brain function information is traditional EEG equipment, which the Directors believe is unlikely to be widely adopted in the ICU setting because it is resource-constrained both by unit cost and availability of trained staff for the purposes of application and interpretation.

3.2 Bedside Brain Injury Monitoring

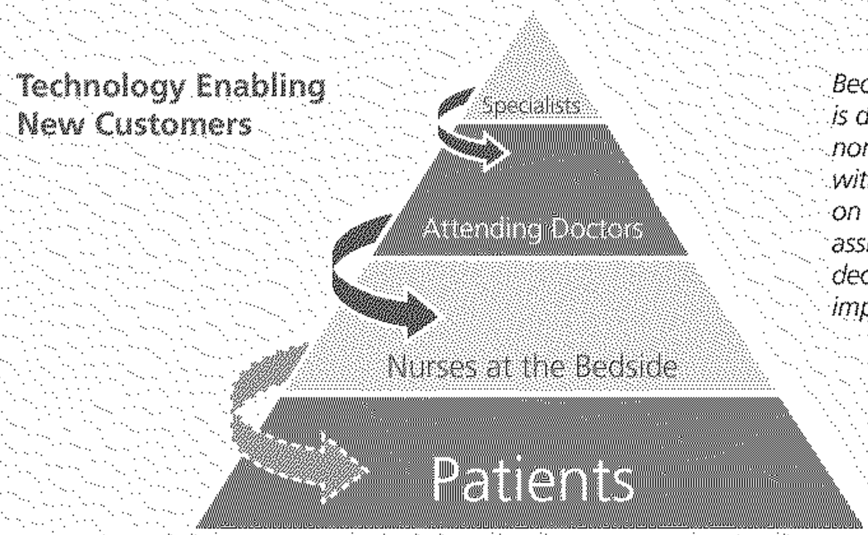
The Company has observed an increasing clinical focus on brain injury protection as demonstrated by:

- increasing levels of published literature relating to bedside brain monitoring;
- significant investment in research and development of neuroprotective compounds by pharmaceutical and biotechnology organisations; and
- the emergence of specialised therapeutic hypothermia products to minimise brain injury in acute medical settings.

The Directors believe there is a clinical need in intensive care and other hospital settings for a robust bedside brain injury monitoring tool, able to assess and predict brain injury and monitor for seizure activity to assist in clinical management decisions and management of neurological injury.

It is expected that demand for bedside brain monitoring tools will be supported by:

- growing clinical awareness that continuous brain injury monitoring adds clinical value;
- increasing accessibility and utility of bedside brain injury monitoring technology;
- increasing focus on improvement of neuroprotection in acute medical settings; and
- potential risk and liability issues resulting from not utilising the available technology.



Bedside brain monitoring is designed to empower non-specialist clinical staff with real-time information on neurological status and assist in clinical management decisions with the objective of improved patient outcomes.

Bedside brain injury monitoring is at an early stage in its development. Over time, the Directors believe that real time brain injury monitoring will become an accepted standard of care in a range of different hospital settings.

3.3 Areas of Clinical Need

The Directors believe the hospital departments with the greatest clinical need for real time brain function information are:

Neonatal Intensive Care Units (NICUs)

NICUs care for sick newborn babies. 'Level 3' units care for infants in the most critical condition and are generally capable of providing long term ventilatory support. The most common causes of admission to NICUs are extreme prematurity, birth trauma and infection. An increasing incidence of premature babies combined with improved survival rates among this population has precipitated a higher incidence of brain injury in NICUs.

The improvement of long term neurological function is one of the goals of practitioners of modern neonatology. The Directors believe this reinforces the need for tools to detect and quantify brain injury to assist in clinical decision making.

In the USA alone, approximately 500,000 babies are born prematurely (under 37 weeks gestation) each year. Of these, around 60,000 are 'very low birth weight' and at most serious risk of brain injury. Brain injury also occurs in 'term' (fully matured) babies.

Approximately 40,000 babies born each year in the USA have some form of brain injury.

Therapeutic hypothermia is emerging as a mode of treatment for certain brain injured term babies. Bedside brain monitoring has been shown to assist in patient selection and may provide guidance on length and depth of treatment. As therapies such as hypothermia become widely adopted the need to select infants for therapy objectively but rapidly will become essential.

The clinical interest in bedside brain injury monitoring for neonatal intensive care settings is also illustrated by the following:

- the prevalence of specialised education sessions on brain injury and bedside monitoring at international neonatal and paediatric conferences; and
- an increased focus on the medico-legal elements of brain injury.

In respect of those hospitals in Australia and New Zealand where a BRM2 was first installed in either 2002 or 2003, the total of all BRM2 monitors installed (including those installed on a trial basis but excluding those installed for research purposes) divided by the total NICU beds in those hospitals in aggregate, when expressed as an average percentage is approximately 13%, with over a third of the hospitals having a penetration of at least 20%. The Directors expect that average penetration rates will grow above these levels over time as more hospitals adopt the technology, supported by several factors including:

- further functional development of the BRM2 is likely to improve its efficacy and the propensity for uptake; and
- as more hospitals adopt the product, this is anticipated to have positive endorsement effects, thereby aiding sales and penetration rates at new and existing sites.

The Directors estimate that in the USA there are a total of approximately 17,000 Level 3 NICU beds. Based on number of beds and expectations about long term penetration rates, the Directors believe that the addressable market for the product in this category in the long term could be in the order of A$170 million worldwide (on a total cumulative basis[4]) for monitor sales. At maturity, the addressable market for consumables sales and support and maintenance fees is anticipated by the Directors to be in the order of 25% per annum of sales attributable to operative monitors for this category.

Paediatric Intensive Care Units (PICUs)

PICUs accommodate very sick patients ranging in age from newborn through to adolescence. Many patients are at high risk of brain injury and seizures. Patient categories treated by this department include cardiac bypass surgery, traumatic head injury, infection, metabolic diseases and hypoxic injury (eg. near drownings).

The Directors estimate that in the USA there are a total of approximately 4,000 PICU beds. While the Company has not yet specifically pursued sales in this area, based on number of beds and expectations about potential long term penetration rates the Directors believe that the addressable market for the product in this category in the long term could be in the order of A$40 million worldwide (on a total cumulative basis[4]) for monitor sales. At maturity, the addressable market for consumables sales and support and maintenance fees is anticipated by the Directors to be in the order of 25% per annum of sales attributable to operative monitors for this category.

[4] This is a total cumulative estimate which would be spread over the adoption cycle to maturity, rather than an annual recurring figure.

Cardiac Surgery

Neurological damage is observed in approximately 40% of adult cardiac bypass cases, with similar rates experienced in some forms of paediatric cardiac surgery. In 2002, there were approximately 515,000 cardiac bypass procedures performed in the USA. The Directors believe a monitor that could accurately assess brain injury in this patient group would add considerable clinical information and potentially assist in improving neurological outcomes.

The Directors estimate that in the USA there are a total of approximately 10,000 cardiac surgery beds. While the Company has not yet specifically pursued sales in this area, based on number of beds and expectations about potential long term penetration rates the Directors believe that the addressable market for the product in this category in the long term could be in the order of A$150 million worldwide (on a total cumulative basis[4]) for monitor sales. At maturity, the addressable market for consumables sales and support and maintenance fees is anticipated by the Directors to be in the order of 25% per annum of sales attributable to operative monitors for this category.

Adult Intensive Care Units (Adult ICU)

A significant proportion of Adult ICU patients are at high risk of brain injury or seizure activity. Patient groups at risk of brain injury in the Adult ICU include post-operative patients (particularly patients who have undergone neurosurgery) and those suffering from infection, metabolic disturbances, trauma and ischaemic injury (stroke and brain haemorrhage). The Directors believe a real time brain injury monitor that could be applied and interpreted by bedside clinical staff could add considerable value in this setting.

The Directors estimate that in the USA there are approximately 40,000 Adult ICU beds. While the Company has not yet specifically pursued sales in this area, based on the number of beds and expectations about potential long term penetration rates the Directors believe that the addressable market for the product in this category in the long term could be in the order of A$200 million worldwide (on a total cumulative basis[4]) for monitor sales. At maturity, the addressable market for consumables sales and support and maintenance fees is anticipated by the Directors to be in the order of 25% per annum of sales attributable to operative monitors for this category.

Summary

The following table summarises the Directors' views on potential market sizes. The estimates are based on the Directors' belief that the size of the world market outside the USA equates to the size of the USA market.

Segment category	USA total beds in category	Worldwide addressable market for monitor sales on a total cumulative basis at maturity[5]	Worldwide addressable market for consumables and support and maintenance fees on an annual basis at maturity[6]
Neonatal ICU (Level 3)	17,000 beds	A$170 million	A$44 million
Paediatric ICU	4,000 beds	A$40 million	A$10 million
Cardiac Surgery	10,000 beds	A$150 million	A$39 million
Adult ICU	40,000 beds	A$200 million	A$52 million
Total	71,000 beds	A$560 million	A$145 million

[4] This is a total cumulative estimate which would be spread over the adoption cycle to maturity, rather than an annual recurring figure.
[5] This is a total cumulative estimate which would be spread over the adoption cycle to maturity, rather than an annual recurring figure.
[6] This is an annual recurring figure based on the addressable market for the number of installed monitors at maturity, assuming continued utilisation of the installed base. The figures exclude any revenues derived from software upgrades.

SECTION 4 - THE COMPANY'S BUSINESS

4.1 The BrainZ Vision

BrainZ is a medical technology company specialising in the research, development, manufacturing and sale of innovative bedside brain monitoring technology specifically designed for long term continuous monitoring and detection of brain injury and seizures. BrainZ aims to become the world leader in this field with the largest installed base of real-time bedside brain injury monitoring devices.

The Directors believe this vision will be fulfilled through an in depth understanding of the real clinical needs and requirements of hospitals and implementing innovative solutions to meet these needs. As part of pursuing its vision, BrainZ also commits to providing comprehensive support, education and services to its customers, enhancing the utilisation of the technology.

4.2 The BrainZ Strategy

The Company's business strategy is to develop a dynamic bedside tool that can monitor brain function in real time and has the ability to assess and predict brain injury and seizure activity in intensive care and other specialised hospital settings. BrainZ has developed a bedside brain injury monitoring tool to assist clinical decision-making and positively affect neurological outcomes when used in conjunction with other clinical data, physical examination and other tools such as advanced imaging techniques.

The BrainZ technology is designed to place this information in the hands of clinical decision-makers at the bedside in the intensive care and other specialised hospital settings. BrainZ is already exploiting the market opportunity as demonstrated by strong sales growth.

BrainZ is also investing in product development and clinical trial programmes with the intention of assisting it to deliver innovative solutions for clinical problems through products designed with clinical users in mind. BrainZ is developing close relationships with clinical customers and international researchers and integrates their feedback into the product development and clinical trial programmes.

The initial market focus for the BrainZ technology is NICUs and PICUs. The Directors believe the BrainZ technology is also well placed to move into new markets including Adult ICU units and specialised areas such as cardiac surgery. Ultimately, the Directors believe the need for real time brain function information will see the monitoring technology platform introduced to other clinical departments such as the emergency room.

To the extent that the BrainZ technology and bedside brain injury monitoring becomes accepted as a standard of care within intensive care settings, BrainZ may develop modules for integration into multi-parameter physiological monitoring systems.

BrainZ actively manages its own sales and marketing channels in Australia and New Zealand and intends to continue with this direct sales approach in these markets as it expands into wider clinical applications. The Directors believe this strategy allows more direct customer relationships and the ability to receive customer feedback directly for the purpose of introducing product enhancements.

In larger international markets, including the USA and Europe, BrainZ intends to operate through local distributors that have established operations and customer relationships in the target markets.

BrainZ has entered into a distribution agreement with GE Healthcare to distribute the BRM2 in the USA and the United Kingdom. In these markets, BrainZ is supplementing the distributor with sales and training personnel as well as clinical/technical support staff.

BrainZ History

The initial research behind the BrainZ technology was developed by the University of Auckland's medical research facility, the Liggins Institute.

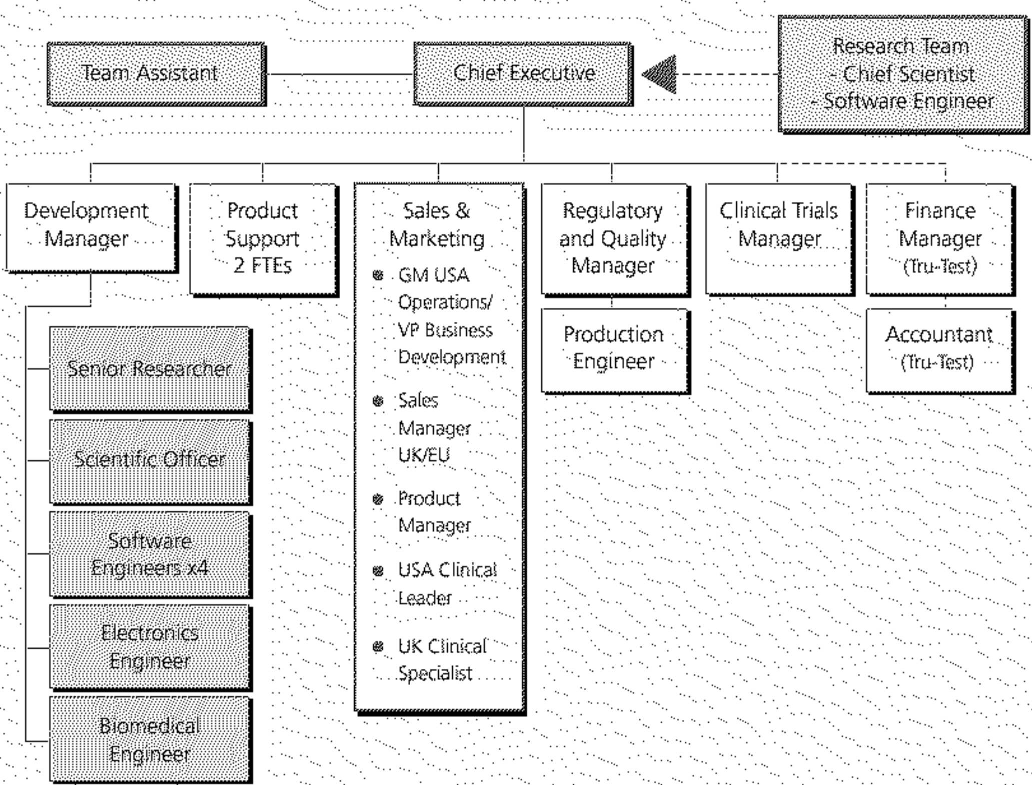
Commercialisation of the neuroscience work performed by the Liggins Institute was initially undertaken by a third party. The BrainZ business was acquired from the third party in September 2002 by Tru-Test. The acquisition included all intellectual property associated with the BrainZ technology.

The Company had not significantly traded before acquiring the intellectual property and assets associated with the BrainZ technology in September 2002, which has been its sole focus since that time.

Tru-Test is a New Zealand-based multi-national company specialising in the design, manufacture, sourcing and distribution of specialised products for the Agricultural –Technology sector. While BrainZ has been 100% owned by Tru-Test, it has acted with its own management and board of directors. Following the Offer (assuming $10.0 million is raised), Tru-Test will be a 63.0% shareholder in the Company. If the Company accepts oversubscriptions up to the maximum of 6,000,000 Shares, Tru-Test will be a 56.7% shareholder in the Company.

4.3 BrainZ Company Structure

BrainZ currently employs 21 people. It utilises Tru-Test for certain functions (including finance and human resources) under a Management and Administrative Services Agreement (see section 10.10 for further details). BrainZ also contracts the Liggins Institute for research services under a Research Agreement (see section 10.4.4 for further details). The following diagram illustrates the Company's current structure:



BrainZ intends to utilise proceeds from the Offer to assist it to grow its international operations. The recruitment of local sales/marketing personnel and clinical/technical support staff in international markets is considered by the Directors as essential for maximum distributor performance. The proceeds of the Offer will also be used to supplement the research and development team to allow BrainZ to investigate new clinical applications for the technology and to transition into new markets.

4.4 The BRM2 Brain Monitor

The BRM2 is the first commercialised product produced by BrainZ. The BRM2 is a 2-channel bedside EEG device, which assists in the detection of brain injury and seizure activity. Information is received and displayed from both the right and left sides of the brain, enabling it to highlight brain injury confined to a single hemisphere.

The BRM2 is designed for continuous use in the intensive care environment, to allow clinicians to monitor and record real-time critical elements of neurological information 24 hours per day. The BRM2 is designed to detect changes and abnormalities in brain function and to assist clinicians in the direction of care on a day-to-day basis as well as highlighting the need for neuro-imaging and clinical intervention. As well as indicating overall brain status, the BRM2 is also designed to indicate brain seizures, which are an important sign of neurological dysfunction.

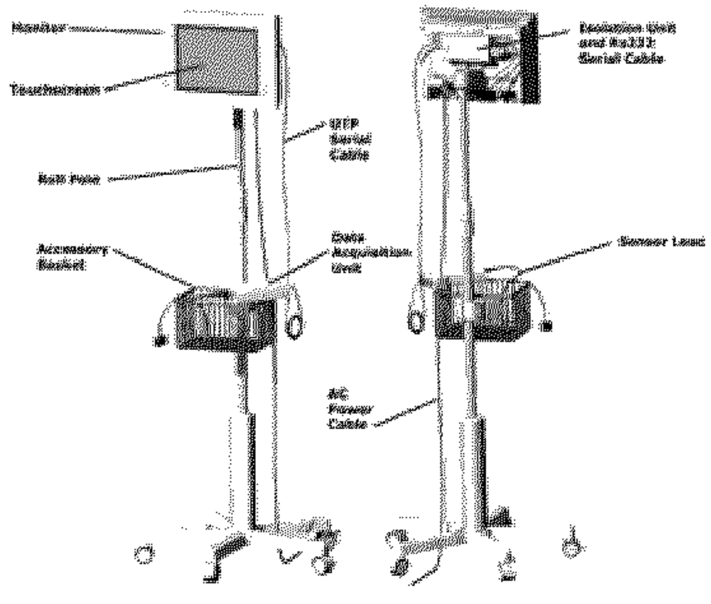
The BRM2 comprises 4 basic components:

- The **monitor** - the hardware component that houses the computer and display unit. This medical grade PC is purchased from a third party manufacturer.

- The **software** – this includes proprietary Algorithms developed for detecting brain injury as well as the intuitive user interface which is designed for ease-of-use by non-specialist hospital staff.

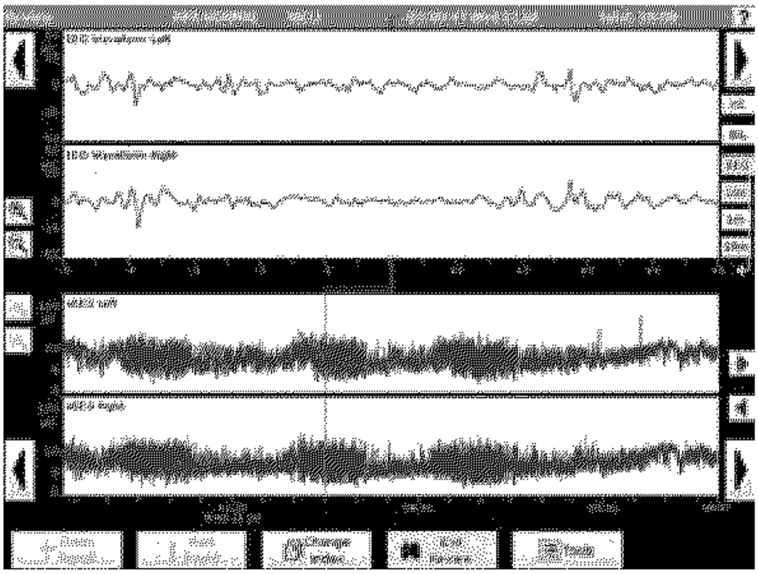
- The **head stage** – this data acquisition unit is the interface between the patient and the monitor that amplifies and converts the small amplitude analogue EEG to a digital signal. The hardware related to the head stage is manufactured by Tru-Test in New Zealand under a Manufacturing Agreement (see section 10.10.2 for further details).

- The **sensors** - single-use disposable electrodes that attach to the patient's head with emphasis on design and innovative materials. The sensors are manufactured by a contract manufacturer in the USA.



The BRM2 has a wide range of features, including:

- intuitive interface specifically designed for use by non-specialist clinical staff;
- long and short term trend displays;
- portable, designed for busy intensive care settings;
- easily upgradeable to incorporate new features;
- downloadable digital files to assist with off-line analysis and data storage;
- flexible event marking;
- resistant to electrical interference and noise;
- continuous checking of sensor contact quality; and
- printable screens and summary printouts.



The BRM2 includes configurable display modes showing an extensive range of parameters, including:

- amplitude-integrated EEG (aEEG) - both bi-parietal and cross-cerebral methods – this is a method of compressing long periods of raw EEG to allow easy analysis;
- minimum, maximum and mean aEEG envelope trend and quantitative output;
- raw EEG waveform; and
- impedance (displayed for each electrode), trend and quantitative output.

The BrainZ Neonatal Sensor Set is the result of several years of intense design effort and has the following features:

- specifically designed for neonatal patients;
- single-piece disposable design guards against cross-contamination;
- customised hydrogel layer adheres safely to delicate skin while providing electrical contact;
- flexible cloth backing conforms to the shape of the infant's head;
- accurately positioned using sensor positioning aid;
- easily repositioned during assessment; and
- easily removed after assessment.

Clinical Application of the BRM2

The outputs provided by the BRM2 are designed to offer robust information on neurological status from both sides of the brain that can be reliably interpreted by non-specialist clinical staff.

The amplitude-integrated EEG (aEEG) functionality of the BRM2 provides a compressed display of the level (amplitude) of EEG activity. It is useful for continuous monitoring of background EEG activity and for discriminating between normal and abnormal EEG traces.

Abnormal aEEG traces can be used to identify patients who require further neurological investigations. Normal traces may be used to reassure families of the likelihood of good long-term neurological outcomes.

Seizure activity in the neonatal intensive care unit is routinely monitored by clinical assessment alone, however, a large proportion of seizure activity is either difficult to assess by examination or has no clinical manifestation at all. Bedside monitoring with aEEG, such as that provided by the BRM2, can be used to identify seizure-like events in real time, with review of the raw EEG trace recommended for event validation. Bedside EEG monitoring with the BRM2 can also be used to guide the effect of anticonvulsant therapy.

In March 2005 BrainZ surveyed 20 neonatal units from Australia and New Zealand that were using the BRM2. This survey explored current use of the BRM2 monitor in day-to-day clinical management activities. It highlighted the following points:

- 100% of respondents stated that the use of the BRM2 improved overall standards of care and 80% reported that the BRM2 either moderately or greatly helped with clinical decision making; and
- respondents stated that the monitor was being used to:
  - guide delivery of anticonvulsants (85%);
  - make decisions over redirection of care (81%);
  - assess the need for further investigations such as MRI (58%); and
  - assess the need for neurology referral (46%).

4.5 Regulatory Approval

The first markets in which the BRM2 monitor was approved for use were in New Zealand and Australia. This approval was obtained from the Australian Therapeutic Goods Administration in 2002.

The US Food and Drug Administration approved the BRM2 monitor in 2003, whilst in 2004 CE Mark status was granted to BrainZ which allows entry into European markets subject to administrative requirements and a requirement that appropriate language translations are available where necessary. Associated approval for entry into the Canadian market was also received in 2004.

4.6 Intellectual Property

BrainZ seeks to comprehensively protect its businesses with intellectual property in the form of patents, trade secrets and other know how. There are four main groups of patents relating to the BRM2 technology. Whilst some of these patents have not yet been issued, the minimum patent life continues until 2012 when the first relevant patent expires. Further information in relation to BrainZ's patent portfolio is outlined in the Patent Attorney's Report in section 8.

4.7 Competitor products

BrainZ is aware of two other organisations currently promoting specialised bedside brain injury monitoring devices.

4.8 Competitive Advantage

The Directors believe the BRM2 has a number of valuable attributes, which collectively provide considerable competitive advantage. These attributes include the following:

Design • user friendly interface • easy to interpret by non-specialist medical and nursing staff • readily upgradeable format • simple process of downloading clinical files and storing data	**Information** • delivers comprehensive functional information from both hemispheres of the brain • constant information on signal quality • IP protection over specific functionalities
Translational Data • BrainZ database of files which allows linkage of BrainZ data to hard clinical outcomes • published literature and research abstracts dealing specifically with the BrainZ technology	**Research and Development** • widespread involvement and advocacy of experts in the area of neonatal and paediatric brain injury • international clinical trial programme operating in seven countries • value-adding product development plan and platform extensions into new clinical markets

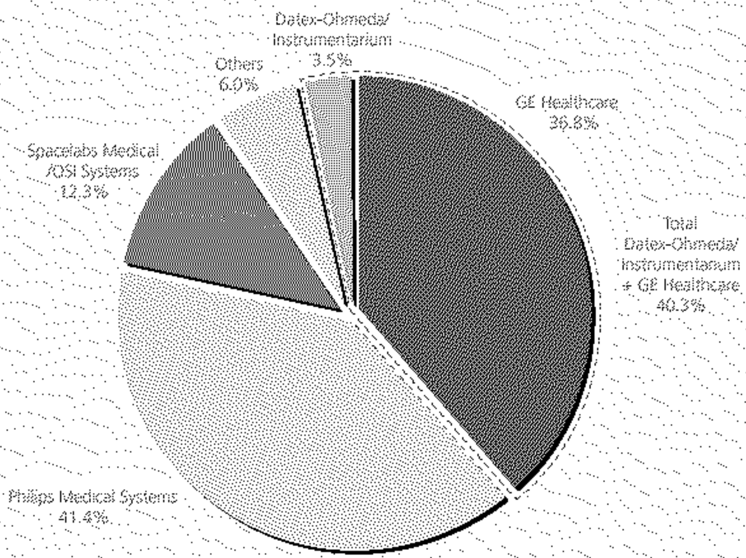
4.9 Strategic Partner

Relationship with GE Healthcare

In October 2004, BrainZ signed a two year distribution agreement with GE Healthcare delivering exclusive distribution rights to GE Healthcare in the USA market for the BRM2 (a summary of this agreement is contained in section 10.4.1) and formal training of GE Healthcare sales personnel occurred in February 2005.

GE Healthcare is a significant player in the broader market of vital signs monitoring systems, which measure a multitude of parameters including blood flow, blood gases, continuous and non-invasive cardiac output, dual-site temperature, invasive and non-invasive blood pressure, multilead electrocardiogram (ECG), multilead ST segment, pH, pulse oximetry, respirations, and venous oximetry. The following diagram specifically shows GE Healthcare's market share in the supply of modular patient monitoring systems. The Directors expect that GE Healthcare's position in these broader market segments augurs positively for its capacity to achieve sales in the new category of continuous brain monitoring.

Modular Patient Monitoring Systems,
Market Share by Supplier



Source: MEDTECH INSIGHT Volume 6, May 2004, Number 5. GE Healthcare has since acquired the business of Datex-Ohmeda/ Instrumentarium.

The GE Healthcare maternal infant care division sales force is now promoting the BrainZ technology to USA neonatal intensive care units. In March 2005, an addendum to the distribution agreement was executed extending GE Healthcare's exclusive distribution rights to the UK market (a summary of this agreement is contained in section 10.4.2). GE Healthcare has now commenced marketing the BRM2 in UK neonatal units.

BrainZ has committed to actively support GE Healthcare to ensure maximum effectiveness of the distribution agreement. To this end, BrainZ is currently establishing business operations in the USA and the UK which includes the employment of sales and marketing personnel as well as several clinical support staff. BrainZ will also invest in comprehensive international educational materials and marketing promotions.

The Directors expect that GE Healthcare will assist in the launch of the BrainZ technology in other international markets over the next 12 months. As part of the original distribution agreement, GE Healthcare has first rights over distribution of the BRM2 in territories where BrainZ is seeking to appoint a distributor.

4.10 Business Performance

BrainZ Business Model

Revenue is currently generated from two main sources:

- sales of the BRM2 monitor to hospitals; and
- sales of single-use disposable sensors.

The Directors anticipate additional revenue will be received through the delivery of support and training services with the introduction of service support agreements reflecting the ongoing support, maintenance, training and upgrade services customers now receive. Software for the BrainZ monitor is also upgraded on a regular basis. Currently, purchasers of a BRM2 monitor are entitled to 12 months service and support.

In addition, BrainZ is planning to launch software functionality improvements as purchasable upgrades when developed.

Sales Process

Bedside brain injury monitoring is a new concept for many hospitals. Accordingly, the Directors believe it is essential to give clinicians real-life evidence of the clinical value of the tool before they will commit to purchasing. For this reason, BrainZ uses a 'trial-before-you-buy' program, under which hospitals have a defined period to trial the monitor within their own hospital department before making a purchase decision.

During this trial period, BrainZ provides several practical training opportunities. In the Australian and New Zealand markets, 22 hospitals have completed trials with 86% (19) of these progressing to purchase of a BRM2 monitor with two of the three remaining hospitals still expressing interest in acquiring the BRM2 monitor. Purchase of consumables (disposable sensors) commences after an initial trial stock (5-10 sensors) has been exhausted.

Currently, the recommended retail price (cost to the hospital) in Australia in relation to the BRM2 monitor is A$25,000.

The Directors believe clinical demand for bedside brain injury monitoring tools will require most hospital departments to purchase more than one monitor. Purchases after the first monitor (with its trial-before-you-buy period), are made without further requirement to trial the technology, or significant additional training/education support.

Australia and New Zealand Markets

The initial target market for the BRM2 is NICUs, specifically the 'Level 3' NICUs. In Australia and New Zealand combined, there are a total of 27 Level 3 NICUs. At the present time, 2 of these NICUs are utilising BRM2 monitors as part of the BrainZ clinical trial programme. Out of the remaining 25 NICUs, 19 have purchased BRM2 monitors.

As of 30 September 2005, a total of 27 BRM2 monitors have been sold in Australia and New Zealand, with several hospitals now moving to multiple monitor purchases. The Directors believe that Level 2 NICUs will provide a further channel for BRM2 sales, based on the degree of care offered by these units in the Australian and New Zealand markets.

This level of sales success has been reached through the utilisation of one sales representative, one support engineer who visits centres for initial training and subsequent software upgrades, and educational support provided either through the visit of a nurse to conduct in service education or through hosting a local workshop (involving multiple hospitals).

USA Market

Currently, 27 USA NICUs are using the BRM2, with 9 completed sales. The first hospital purchase of a BRM2 in the USA was by the Johns Hopkins Hospital in Baltimore, Maryland.

Formal training of the GE Healthcare sales staff in relation to the BrainZ products occurred in February 2005 and the Directors have budgeted for a material increase in the rate of USA sales over the next 12 months due to the increased levels of clinical support deployed by the Company and overall levels of customer awareness of the benefits of bedside brain monitoring technology.

To focus effectively on the USA market, BrainZ intends to recruit permanent marketing and clinical support for the technology within the USA (and other global markets). The first step towards establishing a BrainZ business operation in the USA market has been the hiring of Richard Smith, a senior executive with over 20 years of medical device experience (see also section 5). An experienced clinical nurse specialist has already been recruited to support hospitals with BrainZ technology.

UK Market

GE Healthcare launched the BRM2 monitor in the UK in March 2005. Currently 15 hospitals are using the BRM2 in the UK with three completed sales. Again, BrainZ intends to hire additional marketing and clinical support personnel to assist UK sales as well as to allow for more efficient commencement of hospital trials. Currently a BrainZ Sales Manager from New Zealand is based in the UK and a local clinical nurse specialist has been recruited to support hospitals utilising the BrainZ technology.

Other Country Launches

The Directors expect BrainZ to launch in Canada, selected European countries and Singapore over the next 12 months. These have been selected due to their market potential, regulatory systems and known interest in bedside EEG technology. To date, outside of the established markets of Australia, New Zealand, USA and UK, BRM2 monitors are in use in hospitals in 11 countries.

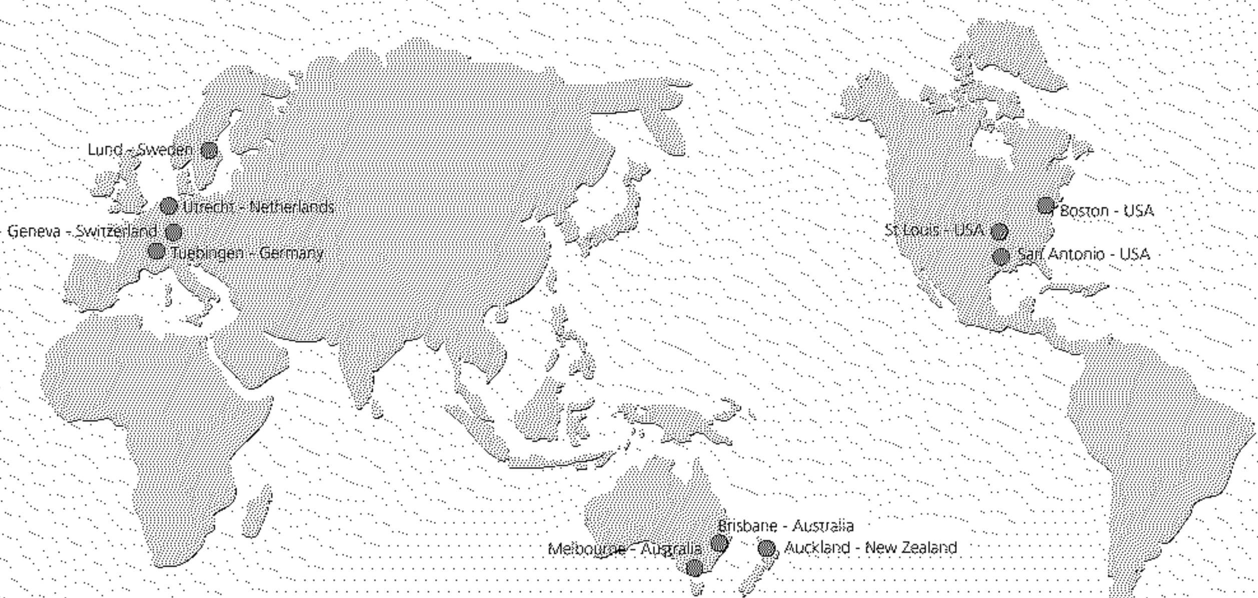
4.11 Research and development

Research

Clinical trials

Currently there are ten sites in seven countries involved in the BrainZ clinical trial programme, examining the utility of the BrainZ technology in different settings and patient groups. The clinical trial programme is focusing on neonatal and paediatric applications of the BrainZ technology with the intention of exploring the transition into adult areas. The current research includes clinical trials examining the following:

- research into the applications of bedside monitoring in premature infants, namely how monitoring may be able to highlight information critical for reducing brain injury associated with prematurity;
- research into sleep cycling in premature infants;
- research for the term asphyxiated baby – to determine the most accurate method of identifying injury and the detection of seizure activity;
- research into the effects of anaesthetic agents on brain activity in newborn and young children;
- comparison between the information given by traditional EEG and the BRM2 in newborns and paediatric patients;
- research examining brain injury in paediatric cardiac surgery and the clinical utility of bedside monitoring in this patient group; and
- research into the utility of monitoring in paediatric intensive care units – including areas such as head injury and neurosurgery.



BrainZ expects that this clinical trial programme, combined with BrainZ's product development plans will provide excellent opportunities for developing enhancements to BRM2, as well as adaptations of the BRM2 to new applications.

In October 2004, BrainZ entered into a technology funding agreement with Technology New Zealand relating to the funding of long term monitoring of brain injury. The funding amount approved is NZ$1,930,035 including GST. A further description of this agreement is contained in section 10.4.5.

Product Development

The development team consists of a group of experienced software programmers, as well as individuals with expertise in biomedical engineering and electronic engineering – this team is engaged to analyse complicated EEG information and create innovative Algorithms and quantitative outputs that address real clinical issues and provide assistance to point of care clinical staff. This is delivered through close consultation with customers and leading researchers in the area of brain injury.

A late stage development project is the BrainZ Automatic Seizure Detection (ASD) Algorithm, which is designed to allow real-time automatic screening of raw EEG trace for seizure activity. The Directors believe that currently there is no Algorithm capable of effectively performing this function at the bedside in real-time.

A current working prototype of the BrainZ ASD Algorithm has been developed by the BrainZ development team and an abstract demonstrating its effectiveness was presented at the American Paediatric Academy Society meeting in May 2005 and the European Society of Paediatric Research in September 2005. The Directors anticipate that the ASD Algorithm will commence Beta-Testing in the medium term future.

SECTION 5 - THE DIRECTORS & MANAGEMENT

Set out below are details of the Directors and Senior Management of BrainZ and Key Researchers and Advisors.

5.1 Board of Directors

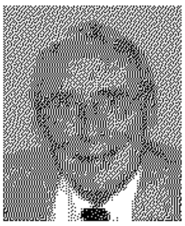
Michael Smith, Chairman
M.Com.

Michael Smith is a director of several public and privately held companies including Fisher & Paykel Healthcare Corporation Limited (Deputy Chairman), Auckland International Airport Limited, ING Property Trust (Chairman), The Lion Foundation (Chairman) and Hauraki Number 1 Private Equity Fund and Hauraki Number 2 Private Equity Fund (both sponsored by Goldman Sachs JB Were). He is also the current Chairman of Tru-Test.

Michael is a graduate of Harvard Business School. His past directorships include Lion Nathan Limited and Fonterra Co-operative Group.

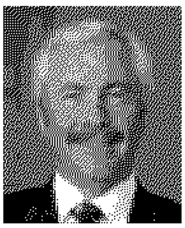
Dr Justin Vaughan, Chief Executive Officer
BHB, MBChB, MBA, AFPM

Justin Vaughan was appointed CEO of BrainZ in July 2003 and brings strong leadership and a broad range of skills to the organisation. Justin has a medical qualification from the University of Auckland and has significant previous experience in the global pharmaceutical industry, healthcare management, mergers and acquisitions, and management consultancy. Justin also had considerable achievement in the sporting arena having represented New Zealand in international cricket and is currently a director on the Board of New Zealand Cricket.



Dr James Brown, Non-Executive Director
PhD, C Biol, MI Biol, FIMLS

Jim Brown has over 25 years experience in the biotechnology market and was recently the Vice President for Global Alliances for GE Healthcare (formerly Amersham Plc). Jim was previously the President of the International Division from 1995-2003 for Amersham Plc and prior to that was Executive Vice President for BioReliance based in Maryland USA. Jim is also the Chairman of Life Therapeutics Limited, an ASX listed company, and Chairman of LUX Biotechnology Limited based in Scotland.



Keith Aitchison, Non-Executive Director
CA

Keith Aitchison joined Tru-Test (the majority shareholder in BrainZ) as an executive in 1978, and was appointed director of finance in 1985. Tru-Test is based in Auckland, New Zealand.

5.2 Management Team

In addition to Dr Justin Vaughan, the management team includes the following key members.

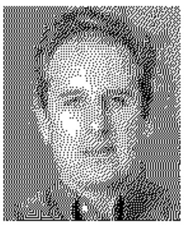
Ian Hadwin
CA
Chief Financial Officer - Tru-Test

Ian has been the Chief Financial Officer at Tru-Test since July 2002. Ian has overall responsibility for the group finances including BrainZ. Under the management agreement Tru-Test currently provides all financial services to BrainZ.

Prior to joining Tru-Test Ian was Chief Financial Officer at UnitedNetworks Limited, at the time one of New Zealand's largest listed companies operating electricity, gas and fibre optic broadband networks.

Richard Smith
MBA
GM USA Operations and VP Business Development

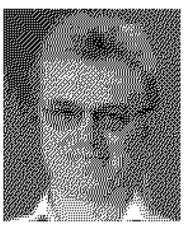
Richard joined BrainZ in October 2005 with responsibility for USA sales and international business development. Richard has more than 20 years experience in the medical device industry, most recently as General Manager for GE Healthcare Perinatal Care and prior to that as Vice President Worldwide Marketing for Ohmeda Medical. Richard has extensive experience with leading medical device businesses in setting and achieving sales targets, determining strategic direction, allocating resources and handling broad managerial responsibility. Richard has specialist experience in the distribution of medical devices to the infant care and critical care units of hospitals.



David Cotter
BMS
UK & EU Sales Manager

David joined BrainZ in May 2002 and is currently responsible for sales and marketing in UK and European markets. From November 2005, David will be based near London, where he is working closely with the GE Healthcare team (offices based in Hatfield). Prior to this role, David initially oversaw the launch of the BRM2 in the Australian and New Zealand markets and then the launch in the USA through GE Healthcare (based in the USA from February - October 2005).

David has significant experience in the medical device industry having worked with Fisher & Paykel Healthcare Corporation Limited for 8 years. During that time he served as Sales Manager responsible for North America, Europe and Asia. From 1998-2002 David worked as Sales Manager for a New Zealand-based manufacturing and exporting company.



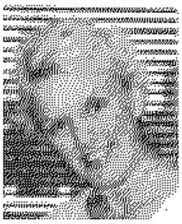
Gordon Macdonald
MSc (Hons), MIEEE
Product Development Manager

Gordon has a Masters in Physics specialising in signal processing. He has 25 years experience in research and development and project management gained working in oil exploration, fisheries acoustics, in the agricultural sector and, since 2001, in medical device development.

Chris Mander
BE, BSc
Regulatory & Quality Manager

Chris joined BrainZ in March 2002, and is responsible for managing the Company's quality system, international product approvals, intellectual property, and maintaining the disposable sensors product. Chris has extensive experience in the medical device industry, having worked for Fisher & Paykel Healthcare Corporation Limited for ten years. During that time he was responsible for regulatory affairs, engineering documentation, and quality system elements.

5.3 Key Researchers and Advisors



Associate Professor Terrie Inder

Terrie Inder graduated with a Bachelor of Medicine and Surgery with Distinction from the University of Otago, Dunedin, New Zealand. She has served in a number of senior research roles at New Zealand institutions. Terrie is also a Clinical Neurological Fellow at Harvard Medical School, Boston, USA.

In January 2001 Dr Inder was appointed as Associate Professor of Paediatrics at the University of Melbourne, Australia and Clinical Neonatal Neurologist at the Royal Women's and Children's Hospital, Melbourne, Australia.

Dr Inder has acted as a principal investigator for clinical trial programmes involving the BRM2 and has published papers in peer-reviewed journals on the clinical applications of the technology. Dr Inder advises BrainZ on its clinical trial programme and will act as principal investigator for a number of further BRM2 clinical trial programmes to be conducted.

Dr Inder recently accepted a position at St Louis Children's Hospital and Washington University in St Louis, MO and commenced this new prestigious position in September 2005.

Professor Peter D Gluckman, Director of Liggins Institute

Professor Gluckman is one of New Zealand's most outstanding scientists, being honored by the Queen in 1997 with the Award of Companion of the New Zealand Order of Merit for contributions to medical research. He was elected a Fellow of Royal Society (London) in 2001 and was awarded the 2001 Rutherford Medal for Science and Technology by the Council of the Royal Society of New Zealand. In 2001 Professor Gluckman was appointed University Distinguished Professor in the University of Auckland.

Professor Gluckman holds a University Chair in Paediatrics and Perinatal Biology and was Dean of Medicine at the University of Auckland until late 2001. He is Director of the Liggins Institute and advises BrainZ on the direction of the clinical trial programme.

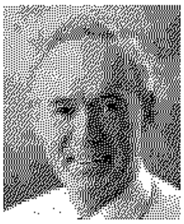
Professor Gluckman is an internationally recognised expert in the field of neuroprotection and pathophysiology of perinatal brain injury.

Associate Professor Chris Williams

Associate Professor Chris Williams, the original inventor of the technology at the Liggins Institute (the research institute of the University of Auckland's School of Medicine), is trained in biochemistry and biophysics at the University of Waikato (in New Zealand). During his PhD, undertaken at the University of Auckland, he investigated the pathogenesis of perinatal asphyxial brain damage.

Since 1992 Chris has been the Head of the Neurosciences Group at the Research Centre for Developmental Medicine and Biology, University of Auckland and was in 2000 appointed Associate Professor. The focus of the research group has been on brain damage and neuronal rescue. In 1995, Chris was awarded the Hamilton Memorial Prize from the Royal Society of New Zealand.

The services of Chris Williams are retained through the contract held by BrainZ with Auckland UniServices for ongoing research into neurological injury (a summary of this agreement is contained in section 10.4.4).



Professor Paul Colditz

Professor Paul Colditz is a Professor of Perinatal Medicine, University of Queensland, and Director of the Perinatal Research Centre at the Royal Brisbane and Women's Hospital, Brisbane, Australia.

Professor Colditz is a specialist paediatrician and neonatologist, who also holds a Masters degree in Biomedical Engineering and a Doctor of Philosophy degree from Oxford University, United Kingdom.

SECTION 6 - FINANCIAL INFORMATION

This section should be read in conjunction with information contained elsewhere in this Prospectus, including the risk factors described in section 9.

6.1 Capital Structure

The Company's issued capital presently comprises 34,000,000 ordinary shares and it proposes to issue 5,803,669 options to acquire a like number of ordinary shares. On completion of the Offer (assuming the minimum subscription of A$10 million) the Company's issued share capital will increase to 54,000,000 fully paid ordinary shares. If the Company accepts full oversubscriptions raising a further A$3 million, the Company's issued share capital will increase to 60,000,000 fully paid ordinary shares.

6.2 Statements of Financial Performance

The following table summarises the actual audited financial performance of BrainZ for the financial years ended 31 August 2003, 2004 and 2005.

$NZ in thousands	**Note**	**2003**	**2004**	**2005**
Sales revenue		108	234	791
Government funding		355	517	513
Total operating revenue		463	751	1,304
Operating deficit before interest, taxation, depreciation and amortisation		(637)	(841)	(702)
Operating deficit before taxation	1	(739)	(1,442)	(2,233)
Income tax		(239)	(475)	(736)
Net deficit for the year		(500)	(967)	(1,497)

Note:
The statements of financial performance for the financial years ended 31 August 2003, 2004, 2005 have been reviewed by the Company's Independent Accountant in preparation of the report at section 7. The scope of work performed by the Independent Accountant is detailed in its report.

6.3 Statements of Financial Position

The following table summarises the actual audited statement of financial position of BrainZ as at 31 August 2005 together with a pro-forma post capital raising statement of financial position ('post listing') to which this Prospectus relates.

		Actual	'Post Listing' Pro-forma
$NZ in thousands	**Note**	**2005**	**2005**
ASSETS			
Current Assets			
Cash and bank balances		178	10,078
Accounts receivable	4	351	351
Inventories	5	238	238
Taxation receivable		-	-
		767	10,667
Non-Current Assets			
Property, plant and equipment	6	241	241
Intangibles	8, 9,10	9,413	9,413
		9,654	9,654
Total Assets		10,421	20,321
LIABILITIES AND SHAREHOLDER'S FUNDS			
Current Liabilities			
Accounts payable	11	326	326
Non-Current Liabilities			
Parent company advance	11	5,230	-
Deferred taxation	7	1,124	1,124
		6,354	1,124
Total Liabilities		6,680	1,450
Equity			
Share capital	3	6,705	21,835
Accumulated deficit		(2,964)	(2,964)
Total Equity		3,741	18,871
Total Equity and Liabilities		10,421	20,321

Note:
The statements of financial position have been reviewed by the Company's Independent Accountant in preparation of its report at section 7. The scope of work performed by the Independent Accountant is detailed in its report. The 'Post Listing' Pro-forma statements of financial position assumes the minimum subscription of A$10 million is raised. If oversubscriptions are accepted, the cash and bank balances and share capital will increase.

6.4 Statements of Cash Flow

The following table summarises the actual audited statements of cash flow for BrainZ for the financial years ending 31 August 2003, 2004 and 2005 together with a pro-forma post capital raising ('post listing') statement of cash flow to which this prospectus relates.

	Actual	Actual	Actual	'Post Listing' Pro-forma
$NZ in thousands	**2003**	**2004**	**2005**	**2005**
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from customers	6	233	578	578
Government funding	238	586	513	513
	244	819	1,091	1,091
Cash was applied to:				
Payments to suppliers and employees	1,077	1,429	2,090	2,090
Interest expense paid	54	256	497	497
	1,131	1,685	2,587	2,587
Net cash outflow from operating activities	(887)	(866)	(1,496)	(1,496)
Cash Flows from Investing Activities				
Cash was applied to:				
Purchase of intellectual property and other assets	6,612	-	-	-
Purchase of property, plant and equipment	346	74	70	70
Investment in development assets	1,446	1,342	1,191	1,191
Net cash outflow from investing activities	(8,404)	(1,416)	(1,261)	(1,261)
Cash Flows from Financing Activities				
Cash was provided from:				
Proceeds from issue of shares	6,700	-	-	16,270
Advance from parent company	2,633	2,324	2,851	2,851
	9,333	2,324	2,851	19,121
Cash was applied to:				
Repayment of parent company loan	-	-	-	5,270
Costs of share issue	-	-	-	1,100
Net cash inflow from financing activities	9,333	2,324	2,851	12,751
Net increase / (decrease) in cash held	42	42	94	9,994
Cash at beginning of year	-	42	84	84
Cash at end of year	42	84	178	10,078

Note:
The statements of cash flow have been reviewed by the Company's Independent Accountant in preparation of its report at section 7. The scope of work performed by the Independent Accountant is detailed in its report.The 'Post Listing' Pro-forma statements of cash flow assumes the minimum subscription of A$10 million is raised. If oversubscriptions are accepted, the proceeds from issue of shares, costs of share issue and cash at end of year will increase.

6.5 Statement of Significant Accounting Policies

Basis of Preparation

The financial statements for BrainZ have been prepared in accordance with the Financial Reporting Act 1993 (New Zealand) and generally accepted accounting principles in New Zealand.

The financial statements are prepared on the basis of historical cost.

The reporting currency of BrainZ is New Zealand dollars and the financial information contained in this section of the prospectus has been presented in New Zealand Dollars.

The Company's auditor, Ernst & Young, has issued an unqualified audit opinion on the special purpose financial statements of BrainZ for the financial years ended 31 August 2003, 31 August 2004 and 31 August 2005. The special purpose financial statements of BrainZ include the statement of financial performance and statement of cash flows for the financial years ended 31 August 2003, 31 August 2004 and 31 August 2005 and statement of financial position as at 31 August 2005. The special purpose financial statements have been prepared in accordance with all of the measurement requirements of New Zealand Accounting Standards but do not include all of the disclosures required by New Zealand Accounting Standards.

Difference between Australian and New Zealand Accounting Standards

As a New Zealand domiciled Company, the historical financial information contained in this section of the Prospectus has been prepared in accordance with the New Zealand Companies Act 1993 and the New Zealand Financial Reporting Act 1993, and are in conformity with the measurement and recognition requirements of generally accepted accounting practice in New Zealand, including New Zealand Accounting Standards.

The Australian equivalents of International Financial Reporting Standards (A-IFRS) are now effective for financial years commencing on or after 1 January 2005 in Australia. The differences between New Zealand generally accepted accounting principles and A-IFRS identified by management as potentially having a material effect on the financial position and performance of BrainZ are summarised in Note 16.

New Zealand International Financial Reporting Standards

Adoption of New Zealand International Financial Reporting Standards (NZ IFRS) is planned for the preparation of the financial statements of the Company for the year ending 31 August 2008. The Directors have initiated the transition to NZ IFRS by appointing a project team which includes internal management staff and IFRS consultants from KPMG in New Zealand.

The significant accounting policies which have been adopted in the preparation of the actual historical audited financial information and the pro-forma financial information are as follows:

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Sales revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be reliably measured.

Government Grants

Government grants compensating the Company for development costs incurred are recognised as revenue in the statement of financial performance in the same periods in which the costs are incurred.

Interest

Interest revenue is recognised as the interest accrues.

Translation of Foreign Currencies

The financial statements are expressed in New Zealand dollars, the functional currency of the Company. Transactions in foreign currency are translated to New Zealand dollars using the exchange rate at the date of the transaction.

At balance date foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are recognised in the statement of financial performance.

Research and Development Costs

All research expenditure is recognised in the statement of financial performance as incurred. Development expenditure is recognised as an asset when it can be demonstrated that commercial production of the material or product will commence.

When a project reaches the stage where it is reasonably certain that further expenditure can be recovered through the processes or products produced, development expenditure is recognised as a development asset. The development asset is amortised from the commencement of the commercial production of the product to which it relates, on a straight line basis, over the period of expected benefits, being four to eight years. All other development expenditure is recognised in the statement of financial performance as incurred.

Receivables

Receivables are carried at estimated net realisable value.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and includes expenditure incurred in acquiring inventories and bringing them to their existing condition and location. In the case of work in progress and finished goods, cost includes a portion of direct labour and production overheads appropriate to the stage of completion attained.

Taxation

Income tax is recognised on the deficit before taxation adjusted for permanent differences between taxable and accounting income.

Deferred tax is calculated using the comprehensive basis under the liability method. This method involves recognising the tax effect of all timing differences between accounting and taxable income as a deferred tax asset or liability in the statement of financial position. A deferred tax asset arising from timing differences is only recognised if there is virtual certainty of realisation.

For the three financial years ended 31 August 2003, 31 August 2004 and 31 August 2005, the Company has recognised a taxation receivable in relation to accumulated tax losses. At 31 August 2005, BrainZ is a wholly owned subsidiary of Tru-Test.

The losses of BrainZ have been available to offset against the taxable income of other Tru-Test companies and have therefore satisfied the test for recognition as an asset. As at 31 August 2005, this tax benefit has been transferred to Tru-Test and offset against the parent company advance.

Property, Plant and Equipment

All owned items of property, plant and equipment are initially recorded at cost and depreciated. Initial cost includes the purchase consideration, or fair value, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying value when such expenditure increases the future economic benefits beyond its existing service potential and that expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time.

Depreciation

Depreciation is calculated on a straight line basis on the cost of the asset, less any residual value, over its useful life.

The estimated economic lives of the major classes of property, plant and equipment are:

Plant and equipment	3 - 5 years
Software assets	3 years

Intellectual Property

Intellectual property is recorded at cost less any accumulated impairment losses and amortised from the commencement of commercial production of the product to which it relates. Amortisation is calculated on a straight line basis over the period of expected benefits, which has been estimated at 10 years.

Impairment

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance. In determining whether an asset is impaired, estimated future cash flows are discounted to present value.

Financial Instruments

The Company does not undertake hedging activities or utilise derivative financial instruments.

Changes In Accounting Policies

There have been no changes in accounting policies during the financial years ended 31 August 2003, 2004 and 2005. All policies have been applied on bases consistent with those used in prior years.

6.6 Preparation of the Pro-Forma Statements of Financial Position and Cash Flow

The pro-forma statement of financial position and pro-forma statement of cash flow has been based on the actual audited statement of financial position as at 31 August 2005 and actual audited statement of cash flow for the financial year ended 31 August 2005 and reflects the following events as if they had taken place at that date:

- issue of 20,000,000 million fully paid ordinary shares for an issue price of $A0.50 ($NZ 0.55) for a total of $A10,000,000 ($NZ11,000,000). Note that the pro-forma statements of financial position and pro-forma statement of cash flow do not take into account any possible oversubscriptions. If the full amount of oversubscriptions is received, cash will increase by A$2.8 million (NZ$3.1 million) after issue costs and contributed equity will increase by the same amount;
- payment of share issue expenses of approximately $A1,000,000 ($NZ1,100,000);
- the parent company advance of $NZ5,229,958 ($5,270,059 at 30 September 2005) was repaid on 17 October 2005;
- the Company issued 17,032,414 fully paid ordinary shares on 18 October 2005 to Tru-Test for $5,270,059; and
- an exchange rate of NZ$0.9091 has been used to translate Australian dollar pro forma transactions to New Zealand dollars.

6.7 Notes to the Statements of Financial Performance, Financial Position and Cash Flow

1. OPERATING EXPENSES

The following items are included within the deficit before taxation:

$NZ in thousands	2003	2004	2005
Operating expenses include:			
Interest expense:			
Parent company advance	54	256	498
Amortisation of intangible assets:			
Intellectual property	-	165	661
Development assets	-	91	261
Research and development costs which have been expensed (excluding depreciation and amortisation)	237	190	108
Depreciation - plant and equipment	22	49	36
Operating lease costs	-	31	27
Directors' fees	125	150	143
Net foreign exchange losses	-	7	7
Auditors' remuneration:			
For auditing financial statements			
Ernst & Young	-	20	10
For other services			
Ernst & Young	-	-	5

2. DIVIDEND POLICY

There were no dividends paid by the Company in 2005 (2003,2004: nil)

Due to the working capital requirements and investment plans of the company, as outlined in the Prospectus, the Directors do not intend to pay dividends in respect of the financial year ending 31 August 2006. No assurance can be provided about future dividend policy, the extent of future dividends or the franking of dividends. Any future determination on the payment of dividends by the company will be at the discretion of the Directors and will be dependent on a number of factors, including the level of future profits, and the financial and taxation position of the Company.

3. SHARE CAPITAL

A. ORDINARY SHARES

		'Post Listing'
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Share capital at beginning of year	6,705	6,705
Issue of new Shares	-	5,230
Issue of fully paid ordinary shares subject of this Offer	-	11,000
Less costs of the share issue	-	(1,100)
Share capital at the end of the year	6,705	21,835

The number of issued and paid-up shares as at 31 August 2005 was 5,250,000. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

After balance date, a 3.23 for 1 share split occurred. This resulted in the paid up shares at balance date of 5,250,000 becoming 16,967,586 paid up shares. In addition on 18 October 2005 BrainZ issued 17,032,414 fully paid ordinary shares to Tru-Test for $5,270,059.

On successful completion of the Offer the number of shares on issue will increase as follows

		'Post Listing'
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Fully paid ordinary shares on issue at 31 August 2005	5,250	16,968
Issue of new Shares	-	17,032
Issue of fully paid ordinary shares subject of this Offer	-	20,000
Fully paid ordinary shares on issue post capital raising	5,250	54,000

Note that the pro-forma statement of financial position and pro-forma statement of cash flow do not take into account any possible oversubscriptions

B. BRAINZ SHARE OPTION PLAN - BRAINZ INSTRUMENTS LIMITED

In December 2002 the Directors established the BrainZ Option Plan. The option plan was administered by a committee appointed by the Board who may offer options, to purchase shares in BrainZ, to selected employees, contractors, Directors and members of the Scientific Advisory Board, up to a maximum of 2,500,000 options in total. At balance date the committee had issued 1,495,000 options with an exercise price of NZ$2.00, with exercise periods from 13 December 2002 to 13 December 2009.

As part of the Offer and ASX listing this option plan has been cancelled. A new plan has been approved, in which 5,803,669 options are proposed to be issued on completion of the Offer (refer to section 10.8 for further details of the BrainZ Share Option Plan).

4. RECEIVABLES

	'Post Listing'	
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Accounts receivable - trade	188	188
Accounts receivable - other	163	163
	351	351

5. INVENTORY

	'Post Listing'	
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Raw material and components	51	51
Work in progress	31	31
Finished goods	156	156
	238	238

6. PROPERTY, PLANT AND EQUIPMENT

	'Post Listing'	
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Plant and equipment		
at cost	482	482
accumulated depreciation	(241)	(241)
Total net carrying amount	241	241

7. DEFERRED TAXATION

	'Post Listing'	
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Balance at beginning of year	890	890
Transfer to deferred taxation	234	234
Balance at end of year	1,124	1,124

8. INTANGIBLE ASSETS

		'Post Listing'	
		Actual	Pro-forma
$NZ in thousands	**Note**	**2005**	**2005**
Development assets at written down value	9	3,627	3,627
Intellectual property at written down value	10	5,786	5,786
		9,413	9,413

9. DEVELOPMENT ASSETS

	'Post Listing'	
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Balance at beginning of year	2,697	2,697
Costs capitalised	1,191	1,191
Amortisation	(261)	(261)
Balance at end of year	3,627	3,627

Development assets arise from the companies activities in developing medical equipment.

10. INTELLECTUAL PROPERTY

	'Post Listing'	
	Actual	Pro-forma
$NZ in thousands	**2005**	**2005**
Balance at beginning of year	6,447	6,447
Amortisation	(661)	(661)
Balance at end of year	5,786	5,786

11. ACCOUNTS PAYABLE AND TERM BORROWINGS

$NZ in thousands	Actual 2005	'Post Listing' Pro-forma 2005
Current		
Accounts payable - trade	95	95
Accounts payable - other	231	231
	326	326
Non-current		
Parent company advance	5,230	-

Accounts payable - other includes the following employee entitlements:		
Annual leave entitlements	63	63

12. CAPITAL COMMITMENTS

There were no capital commitments at balance date.

13. CONTINGENT LIABILITIES AND OPERATING LEASE COMMITMENTS

$NZ in thousands	Actual 2005	'Post Listing' Pro-forma 2005
Lease commitments under non-cancellable operating leases:		
Not later than 1 year	25	25
Later than 1 year and not later than 2 years	25	25
Later than 2 years and not later than 5 years	25	25
Later than 5 years	-	-
	75	75

14. RELATED PARTIES

Section 10.10 provides details of the nature of the arrangements with Tru-Test. Other related party transactions and Directors' interests are disclosed in section 10.9.

15. FINANCIAL FORECAST INFORMATION

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future financial results. Although the Company will seek to ensure that strategies are pursued to ensure continuing development of its business, the potential scale of revenue generation cannot be reliably predicted. Further information relating to the prospects of BrainZ is contained throughout this Prospectus.

16. IMPACTS OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS)

Australia has adopted A-IFRS for financial years beginning on or after 1 January 2005. Adoption of NZ IFRS is planned for the preparation of the financial statements of the Company for the year ending 31 August 2008. Consequently, the financial year ending 31 August 2008 will be the first year in which the Company prepares its financial report in accordance with NZ IFRS.

The significant differences between current New Zealand Accounting Standards (NZ GAAP) and A-IFRS insofar as they apply to BrainZ are set out in the commentary below. The noted differences below relate solely to the difference in respect of 'measurement' and 'recognition' concepts as stipulated by NZ GAAP and A-IFRS.

(i) Share-Based Payments

A-IFRS ('AASB 2') requires an entity to recognise in its statement of financial performance share-based payments (options) made to employees measured on the basis of the fair value of the equity (options) granted. Presently, there is no NZ GAAP in this respect. AASB 2 specifies the fair valuation methodology to be adopted and that the fair value of the instruments issued is to be determined on their grant date. The fair value of the option is recorded as an expense over the periods of vesting. The expense is recognised with a corresponding increase in equity.

Because of the requirement to expense the fair value of options granted to employees, the reported results for BrainZ under NZ GAAP in future financial periods would be amended under A-IFRS to reflect this additional charge for the various periods over which options vest. The details of options to be issued to employees and Directors is detailed in section 10.8.

The option streams have been valued by applying the terms of each option stream to the Black-Scholes valuation formula, although where applicable the value was adjusted to account for the specific terms associated with the option. The value was assessed at 12 October 2005. The value of each option stream as at that date is as follows:

	Option Value	Option Numbers	Total Value
Director Option Stream			
13 December 2007 Vesting Date	A$0.18	415,000	A$72,873
Employee Option Stream			
Vests on issue	A$0.20	2,937,636	A$584,621
31 December 2005 Vesting Date	A$0.20	1,189,472	A$236,718
31 December 2006 Vesting Date	A$0.19	792,981	A$148,529
31 December 2007 Vesting Date	A$0.18	414,513	A$72,788
31 December 2008 Vesting Date	A$0.16	54,067	A$8,861

Based on the above values, and the vesting periods of the various options, an expense of A$930,796 (NZ$1,032,676) would occur in the 2006 financial year, an expense of A$145,551 (NZ$160,106) would occur in the 2007 financial year, an expense of A$35,585 (NZ $39,144) would occur in the 2008 financial year and an expense of A$1,457 (NZ$1,603) would occur in the 2009 financial year.

(ii) Government Grants

Under NZ GAAP, New Zealand Government grants received by an entity are recognised as revenue on invoice.

Under A-IFRS, grants related to depreciable assets are usually recognised as income over the periods and in the proportions in which depreciation on those assets is charged. During the three years ended 31 August 2003, 31 August 2004 and 31 August 2005, the Company has received government grant funding in relation to its development projects. The Company has capitalised depreciable development costs to the statement of financial position. During these financial years, the Company has recognised the New Zealand Government grants received as income.

If the Company had applied A-IFRS to the periods prior to 31 August 2005, New Zealand Government grants of $1,152,917 would be recognised as deferred income at 31 August 2005 and be recognised as income over future financial periods as the capitalised development costs are amortised.

In future financial periods the Company expects to continue to receive New Zealand Government grants and the accounting treatment under NZ GAAP will be a material difference to A-IFRS, until the Company converts to NZ IFRS.

(iii) Income Tax

Present NZ GAAP is SSAP 12: Income Tax and the equivalent A-IFRS is AASB 112: Income Taxes.

At present, SSAP 12 adopts an 'income statement approach' whereas AASB 112 adopts a 'balance sheet' approach on the basis that the current and future tax consequences of transactions and other events recognised in an entity's statement of financial position, give rise to current and deferred tax liabilities and assets.

The balance sheet approach requires the determination of a 'tax base' of an asset or liability as being the amount attributable to that asset or liability for tax purposes. Any difference between the tax base and the accounting carrying value of an asset or liability is called a 'temporary difference' and, when tax effected, determines the deferred tax balance in relation to that asset or liability.

AASB 112 requires that deferred tax assets are carried forward on the basis of a 'probable test' as opposed to the SSAP 12 test of 'virtual certainty'. Probable is defined (in respect of deductible deferred temporary differences and tax losses) as being future taxable amounts that will be available for offset against deductible temporary difference/tax losses. The virtual certainty test under NZ GAAP applies to both timing differences and tax losses.

As a result of the different accounting treatment for recognition of Government grants as income under NZ GAAP and A-IFRS, if A-IFRS had been applied for the period ended 31 August 2005, the Company's deferred tax liability would decrease to $745,000.

(iv) Impairment of Assets

AASB 136 requires impairment testing in relation to a variety of assets including intellectual property and development assets. AASB 1010 specifically requires that the recoverable amount of an asset be determined and if this amount is below the carrying value of that asset, an impairment loss must be recognised. The recoverable amount is determined as the higher of net selling price and value in use.

As discussed at section 6.5, in determining whether an asset is impaired, BrainZ currently discounts its estimated future cash flows to present value.

(v) Intangible Assets

A-IFRS (AASB 138) requires the differentiation of such assets between indefinite life and finite life intangibles and can only be recognised in the statement of financial position if it is probable that the future economic benefits attributable to these assets will flow to the entity and the cost of the asset can be measured reliably.

Furthermore, intangible assets must meet the criteria of being separable, i.e. divided from the entity and sold, transferred, licensed or arising from contractual or other legal rights. AASB 138 requires research costs to be expensed and that development costs can be carried forward if it can be demonstrated that such costs can be measured reliably and other recognition criteria are satisfied.

The Company's intellectual property asset was acquired in an arms length transaction at cost. Development costs have only been capitalised on the basis that a commercially viable product exists and that the recoupment of such expenditure is expected. On the basis of the above matters, the Directors of BrainZ do not believe there will be any material impact from the application of AASB 138 to the Company's intellectual property assets and capitalised development costs.

PKF Corporate Advisory

PKF Corporate Advisory Services (Vic) Pty Ltd
ABN 97 007 267 558
Australian Financial Services Licence 255377

Level 11, CGU Tower
485 La Trobe Street, Melbourne 3000
GPO Box 5099BB, Melbourne VIC 3001

Tel: 61 3 9603 1700
Fax: 61 3 9602 3870

www.pkf.com.au

28 October 2005

The Directors
BrainZ Instruments Limited
25 Carbine Road
Mt Wellington
Auckland
NEW ZEALAND

Gentlemen

INDEPENDENT ACCOUNTANT'S REPORT

INTRODUCTION

This report has been prepared by PKF Corporate Advisory Services (Vic) Pty Ltd ('PKF Corporate') for inclusion in a prospectus for BrainZ Instruments Limited ('BrainZ') to be dated on or about 2 November 2005 relating to a public invitation to subscribe for a minimum of 20 million new fully paid ordinary shares at an issue price of $A0.50 each to raise $A10 million, ('Prospectus') with provision for oversubscriptions to raise up to a further A$3 million. The Offer is managed by J T Campbell & Co Pty Ltd on the terms set out in section 10.5 of the Prospectus.

Expressions defined in the Prospectus have the same meaning in this report.

The historical financial information presented in section 6 of the Prospectus for the financial years ended 31 August 2003, 31 August 2004 and 31 August 2005, has been extracted from the Company's special purpose financial statements. The Company's special purpose financial statements have been prepared in accordance with all of the measurement and recognition requirements of New Zealand Accounting Standards but do not include all of the disclosures required by New Zealand Accounting Standards.

The Company's auditor, Ernst & Young, has issued an unqualified audit opinion on the special purpose financial statements of BrainZ for these respective years.

BACKGROUND

BrainZ, a New Zealand company, was incorporated on 30 August 1990 and at present is a wholly owned subsidiary of Tru-Test. Pursuant to an Agreement for Sale and Purchase of Intellectual Property and Assets dated 13 September 2002, BrainZ acquired certain intellectual property, assets and a technology licence in respect of the BrainZ technology from Neuronz Limited. Further and better particulars in respect of BrainZ's technology and operations are contained in sections 3 and 4 of the Prospectus. The deployment of funds raised pursuant to the Prospectus is detailed in sections 1.3 of the Prospectus.

The financial information presented in section 6 of the Prospectus has been prepared in accordance with the New Zealand Financial Reporting Act 1993 and in conformity with generally accepted accounting practice in New Zealand and New Zealand Accounting Standards.

The financial information presented in section 6 of the Prospectus is in an abbreviated form insofar as it does not include all of the disclosures required by New Zealand Accounting Standards applicable to financial reports prepared in accordance with the New Zealand Companies Act 1993. The reporting currency of BrainZ is New Zealand dollars and the financial information contained in section 6 of the Prospectus has been presented in New Zealand dollars.

This report does not form the basis of an independent expert opinion with respect to the valuation of BrainZ or a valuation of the share issue price of A$0.50 per Share. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for BrainZ, the securities on offer, nor the merits and risks associated with becoming a shareholder, and accordingly, take no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report.

SCOPE

You have requested PKF Corporate to prepare a report covering the following information:

- the historical statements of financial performance of BrainZ for the three years ended 31 August 2003, 31 August 2004 and 31 August 2005, as set out in section 6.2 of the Prospectus;
- the historical statement of financial position of BrainZ as at 31 August 2005 and the pro forma statement of financial position as at 31 August 2005 which assumes the issue of 20 million fully paid ordinary shares, the receipt of $A10 million from the proceeds of the Offer and the conversion of loans from Tru-Test, as set out in section 6.3 of the Prospectus; and
- the historical statements of cash flow of BrainZ for the three years ended 31 August 2005 and the pro forma cash flows of BrainZ for the year ended 31 August 2005 which assumes the issue of a minimum of 20 million fully paid ordinary shares and the receipt of $A10 million from the proceeds of the Offer, as set out in section 6.4 of the Prospectus.

The Directors are responsible for the preparation and presentation of the financial information set out in section 6 of the Prospectus. We have conducted our review in accordance with Australian Auditing Standards AUS 902 relating to review engagements and to report whether anything has come to our attention which would cause us to believe that BrainZ's historical and pro forma financial information for the relevant periods and the assumptions on which it is based, are not properly drawn up in accordance with BrainZ's accounting policies as set out in section 6.5 and the assumptions as set out in section 6.6 of the Prospectus.

Our review is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. Review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit and, accordingly, we do not express an audit opinion. Our examination included:

- enquiries of Directors and other officers of BrainZ;
- review of workpapers, accounting records and other documents provided by BrainZ;
- review of the methodology by which the historical and pro forma financial information was prepared;
- review of the arithmetical accuracy of the historical and pro forma financial information;
- review of the consistent application of the underlying assumptions to the pro forma financial information; and
- review of the consistent application of the recognition and measurement requirements of New Zealand Accounting Standards and the accounting policies adopted by BrainZ disclosed in the Prospectus.

Review of Financial Information

The historical and pro forma financial information set out in section 6 of the Prospectus has been extracted from BrainZ's audited financial statements for the three years ended 31 August 2005 inclusive of the pro forma adjustments which assume the issue of up to 20 million fully paid ordinary shares, the receipt of $A10 million from the proceeds of the Offer and the conversion of loans from Tru-Test as set out in section 6.6 of the Prospectus. If oversubscriptions of up to A$3 million are accepted:

- the cash and bank balances, share capital and total equity contained in the 'Post Listing' Pro-forma statements of financial position will increase; and
- the proceeds from issue of shares, costs of share issue and cash at end of year contained in the 'Post Listing' Pro-forma statements of cash flow will increase.

PKF

OPINION

Historical Financial Information

Based on the scope of our review, which is not an audit, nothing has come to our attention which would cause us to believe that the abbreviated historical financial information for the three years ended 31 August 2005 has not been fairly presented in accordance with the recognition and measurement requirements prescribed in New Zealand Accounting Standards and other mandatory professional reporting requirements and accounting policies adopted by BrainZ as disclosed in section 6.5.

Pro Forma Financial Information

Based on the scope of our review, which is not an audit, nothing has come to our attention which would cause us to believe that the pro forma financial information set out in sections 6.2, 6.3 and 6.4 of the Prospectus at 31 August 2005 and the assumptions on which it is based, as set out in section 6.6 of the Prospectus, is not fairly presented on the basis of the pro forma adjustments and in accordance with the recognition and measurement requirements prescribed in New Zealand Accounting Standards and other mandatory professional reporting requirements and accounting policies adopted by BrainZ as disclosed in section 6.5, and on the assumption that all the transactions contemplated in the Prospectus as summarised in section 6.6 were undertaken at 31 August 2005.

INDEPENDENCE

Neither PKF Chartered Accountants, PKF Corporate, (a wholly owned entity of PKF), nor the persons preparing this report have any interest in the securities of BrainZ, or any interests in the outcome of the Offer, or other interests that would be reasonably regarded as capable of affecting their ability to give an unbiased opinion, other than that PKF Corporate is entitled to receive a fee of approximately $25,000 (exclusive of GST) in connection with the preparation of this report and for the conduct of due diligence and other services in connection with this Prospectus. Neither PKF, PKF Corporate nor the persons preparing this report are entitled to receive or have received other fees from BrainZ.

SUBSEQUENT EVENTS

To the best of PKF Corporate's knowledge and belief, there have been no material items, transactions or events subsequent to 31 August 2005 to the date of this report, not otherwise disclosed in this report or in the Prospectus that have come to our attention during the course of our review which would cause the information in this report to be misleading.

Yours faithfully

PKF Corporate Advisory Services (Vic) Pty Ltd

David Garvey

D J Garvey

Director

F D Spencer

Director

PKF

JAMES & WELLS
INTELLECTUAL PROPERTY

27 October 2005

HAMILTON OFFICE

BrainZ Instruments Limited
P.O. Box 51-078
Pakuranga
AUCKLAND

Attention: The Directors

Re: BrainZ IP Portfolio
Our Ref: 125236/3 VM

1. Background

This report has been prepared by Kate Wilson, a partner in James & Wells Intellectual Property for inclusion in a prospectus to be lodged by BrainZ Instruments Limited with the Australian Securities and Investments Commission.

This report is current as of 27 October 2005. We are aware of no material changes in the status of the material discussed below since that date.

2. James & Wells' Interest

Neither Kate Wilson nor any of the other principals of James & Wells has any financial interest in BrainZ Instruments Limited over and above the fees of professional work done. The fees charged for the preparation of this report are based upon our usual rates of charging.

James & Wells had no involvement in the preparation of the prospectus for the company other than the preparation of this report.

3. IP Protection

Intellectual Property includes intangible property whether it is knowledge, ideas, reputation, brands, new technology, concepts, designs or styles. This report, focuses only on the intellectual property owned by BrainZ which is defined by patent applications and patents.

Patents can provide a monopoly for novel concepts in products, processes and improvements to existing technology. Of particular interest to the BrainZ portfolio is that software is patentable in a number of countries and in particular a key market of the company, the United States.

In order to gain a patent the invention must be new and inventive at the time of lodging the patent application.

Grant of a patent does not guarantee validity, nor that the invention can be produced and marketed without infringing the rights of others.

4. Inventions and Patent Portfolio

The BrainZ inventions all relate to detecting brain injury by various sensors and the interpretation of the data received accordingly.

There are five separate inventions for which patent protection has been applied for in various countries as outlined below.

Title	Country	Application No.	Status *	Filing Date
Impedance	USA	750794/5807270	CIF 15 March 2006 FTE 2016	18 December 1996
Systems	Europe (designating all states)	98929927.6	CIF 10 June 2006 FTE 2019	17 December 1999
Systems	USA	09/445760/6406427	CIF 18 December 2005 FTE 2020	18 February 2000
Systems (continued)	USA	10/052,391/6,796,941	CIF 28 March 2008 FTE 2020	23 January 2002
Spectral Edge	Europe	98946735.2	CIF 23 September 2006 FTE 2018	23 September 1998
Spectral Edge	USA	09/509186,6493577	CIF 10 June 2006 FTE 2020	7 April 2000
Spectral Edge (CIP)	USA	10/140,360	Accepted FTE 2012	6 May 2002
Sensors	USA	10/398,729	About to lapse	8 April 2003
Seizure Monitor	NZ	527751	Examined FTE 2024	22 August 2003
Seizure Monitor	PCT	PCT/NZ2004/000198	Accepted FTE 2024 most countries)	23 August 2004

* CIF = currently in force and when next renewal fee is due
* FTE = full term expiry

A brief discussion of the portfolio is provided below.

Impedance

This patent relates to detecting brain injury by sensing changes in impedance in the brain. This is achieved by having two sets of electrodes, one of which supplies a test alternating current and the other set which senses voltage changes. This allows impedance to be measured over a period of time.

The reason behind having two sets of electrodes is to compensate for poor connections in variable conditions between electrodes and the brain.

The patent has a broad independent claim and is granted in the United States.

Systems

This invention relates to an intelligent brain rescue instrument that applies an expert system to analyse various outputs from the brain of differing biochemical and biophysical origin. The aim of the invention is to predict the secondary loss of brain cells so that steps can be taken to relieve secondary injury as soon as possible – even before the appearance of clinical signs.

There are two patents granted in the United States for this technology (one a continuation of the other) and a granted European patent covering all designated states.

Spectral Edge

This invention relates to detecting white matter neural injury and predicting neurological outcome in preterm infants. It does this by acquiring EEG signals from the surface of the head and analysing the frequency distribution of the signals to produce output information indicative of cerebal white matter injury.

There is a granted US and European patent as well as a US continuation in part application which has been accepted for grant.

Sensors

This invention relates to a sensor assembly for use in premature infants. The key elements of the sensing makes use of flexible strips which contain flexible electrodes which can be readily placed in the scalp of the infant.

This is the subject of a US patent application which is about to lapse.

The instructions we received from BrainZ was that we were not to proceed with prosecuting this patent through to grant. The patent application is not at the stage that renewal fees are to be paid. Our understanding is that BrainZ does not wish to proceed with this particular development as it is irrelevant to their current product and there is little commercial worth in protecting same.

If this application is not granted, then any party can make the product as described.

Seizure Monitor

This relates to an automatic form of seizure protection by instrumental means by reduction of EEG signals into individual wave descriptors.

This is the subject matter of a PCT (Patent Co-Operation Treaty) patent application. Presently the PCT application covers 128 countries and this particular application is due to go national phase on 22 February 2006.

This means that BrainZ has the choice of filing individual applications into a number of countries. This application is presently under examination.

There is a New Zealand application which is currently awaiting examination.

JAMES & WELLS
INTELLECTUAL PROPERTY

5. Patent Validity

Subject to the following, on the basis of the documentation provided to us and the patent applications we have reviewed, no matter has come to our attention that gives us any reason to believe that the above patent applications should not be granted, or that the above patents are (or any patents issuing from these applications would be) invalid.

Further we are unaware of any challenges to the validity of these patents.

The above schedule includes patent applications that have not as yet been granted, and it is not possible to provide any assurance that these applications will be accepted or granted. Further, there can be no assurance that it will be possible to maintain the full scope of the claims (see above) during the examination of an application. In some cases, for example, a patent office may require the restriction of the claims, on the basis of the results of the examination. Further, there can be no assurance that the granted patents itemized in the schedule, or any patents issuing from the applications itemized in the schedule, will be valid and enforceable.

6. Limitations and Disclaimers

No assurance can be given as to the validity of any patent application or granted patent. An invalid patent cannot be enforced.

The information provided is known to the author as of 27 October 2005.

It should also be appreciated that during examination of a patent application the scope of the claims may be amended.

Consent for inclusion of this report in the prospectus in the form and context in which it appears has been granted by James & Wells and has not been revoked as of the date of this report.

Yours sincerely

JAMES & WELLS

Kate Wilson / Ceri Wells

Partner / Partner
katew@jaws.co.nz / ceriw@jaws.co.nz

SECTION 9 - RISK FACTORS

This section identifies the areas the Directors regard as some of the risks associated with an investment in BrainZ. These risk factors, both specific to BrainZ, the Offer and of a more general nature, may affect the future operating and financial performance of BrainZ and the value of an investment in BrainZ. You should carefully consider the following risk factors, as well as the other information contained in this Prospectus before you make an investment decision. These risks and uncertainties are not the only ones facing BrainZ. Additional risks and uncertainties not presently known to BrainZ, or that it currently believes to be immaterial, may also affect BrainZ's business operations.

Short operating history

BrainZ acquired its technology in September 2002. Accordingly, BrainZ has a limited operating history upon which an evaluation of BrainZ and its prospects can be based. As a result of BrainZ's limited operating history, BrainZ does not have historical financial data for a significant number of periods on which to asses its likely future revenues or on which to base planned operating expenses. BrainZ's operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the control of BrainZ.

There can be no guarantee that, after further research and development, BrainZ's efforts to develop and distribute its medical technology in both its existing markets and in new markets will be commercially successful.

There can be no assurance that other parties will not develop products that compete with or supersede BrainZ's technology. Accordingly, the success of BrainZ is in part conditional on further development of the BrainZ technology within an appropriate time frame, market acceptance and competitor response.

Regulatory approvals

As summarised in section 4.5, the first markets where the BRM2 monitor was approved for use were those in New Zealand and Australia. Approval has also been granted to BrainZ in the United States, Canada and European markets.

Complex government and health regulations, which are subject to change, add uncertainty to obtaining approval for use of the BRM2 monitor and future BrainZ products.

Delays may be experienced in obtaining regulatory approvals and these may add to BrainZ's costs and delay BrainZ's products from entering the market place where approval has not yet been received. This may adversely affect BrainZ's competitive position and the financial value of the technology to BrainZ in relation to these markets.

The growing cost of providing healthcare has placed financial burdens on governments, insurers and individuals all over the world. All of these parties are searching for ways to reduce healthcare costs. Some governments have the power to amend the reimbursement rates for healthcare expenses and can implement price controls to reduce costs. If such changes are made they will alter the cost of healthcare to individuals and expenditures in hospital care. The return on investment in new products will, accordingly, be affected favourably or adversely depending on the nature of these amendments.

Additional capital requirements

Medical technology clinical trial activities require a high level of funding over a long period of time. The proceeds of the Offer (assuming the minimum subscription of A$10 million is raised) are expected to be sufficient to fund the activities of BrainZ for at least the next 24 months. However, BrainZ is operating in a dynamic medical technology industry and additional development costs may arise within this period. Substantial additional funding may be required to contribute towards new product developments beyond this time.

There is no assurance that additional funding will be available to BrainZ in the future or, if available, that it will be secured on acceptable terms. If adequate additional funds are not available, BrainZ may be required to curtail significantly one or more of its clinical trial programmes and curtail its anticipated expansion which could materially and adversely affect BrainZ's business.

BrainZ's anticipated growth may place a significant strain on its managerial, operational and financial resources. To manage its potential growth, BrainZ must implement and improve its operational and financial systems and to expand, train and manage its employee base. There can be no assurance that BrainZ will be able to effectively manage the expansion of its operations, that BrainZ's systems, procedures or controls will be adequate to support its operations or that BrainZ management will be able to achieve rapid expansion necessary to fully exploit the market opportunity for its product. Any inability to manage growth effectively could have a material adverse effect on BrainZ's business, results of operations and financial condition.

Dependence on partners and commercial agreements

At this stage of its development, BrainZ is substantially dependent on third parties to assist in its growth. In particular, BrainZ is substantially dependent on mutually beneficial arrangements with third parties in relation to the distribution and sale of its products and research and development into future products. The material contracts relating to relationships with key third parties are described in section 10.4. Failure to comply with the terms of these agreements may have serious adverse affects on BrainZ's business, results of operations and financial condition. Further, failure to replace these agreements in the event of termination by either party may have serious adverse affects on BrainZ's business, results of operations and financial condition.

Competition and competing products

As summarised in section 4.7, BrainZ has only encountered two organisations that promote bedside brain monitoring technology, and the Directors understand that both of these are focusing their attention on the NICU market.

Manufacturers of EEG technology are a potential new entrant into the industry as the core technology (ie. brain signal uptake and processing) is similar.

Such competition and new technologies can have the effect of:

- rendering costly research and development obsolete;
- decreasing the financial value of products or research products; and
- reducing pricing and profit margins.

There can be no assurance that BrainZ's competitors or new entrants to the relevant markets will not succeed in developing technologies and products that are more effective than any which are being developed by BrainZ or which would render its products obsolete or non-competitive.

As a strategic response to changes in the competitive environment, BrainZ may from time to time make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on BrainZ's business, results of operations and financial conditions.

Despite the existence of a general statutory framework in Australia and international conventions which are intended to protect against certain anti-competitive practices, there can be no assurance that the applicable laws will be enforced sufficiently to protect BrainZ from anti-competitive practices by its competitors or that major competitors will not use their strategic positions to gain a competitive advantage in some future period, whether by means of price reductions or by other means.

Performance and reliance on key personnel

The performance of BrainZ's bedside brain monitoring technology is critical to its reputation and to its ability to achieve market acceptance of this technology. Any product failure could have a material adverse effect on BrainZ's business, results of operations and financial conditions.

BrainZ's performance is substantially dependent on its senior management and key technical personnel to continue to develop its bedside monitoring equipment. BrainZ's success also depends substantially on the continued efforts of the senior management and researchers (details provided in section 5.2). The loss of the services of any of its executive officers and other key scientific and technical personnel could have a material adverse effect on the business, results of operations and financial condition of BrainZ. BrainZ has in place a BrainZ Share Option Plan (which is summarised in section 10.8) in order to provide incentives and to promote the recruitment and retention of key personnel. Despite this, failure to attract or retain key personnel could have a material adverse effect on BrainZ.

BrainZ's future success also depends on its continuing ability to attract and retain highly qualified technical and managerial personnel. Competition for such personnel can be intense and there can be no assurance that BrainZ will be able to retain its key managerial and technical employees or that it will be able to attract and retain additional highly qualified technical and managerial personnel in the future. The inability to attract and retain the necessary technical and managerial personnel could have a material and adverse effect upon BrainZ's business, results of operations and financial condition.

Intellectual property and patent protection

Securing rights to technology and patents is an integral part of securing potential product value in the outcomes of research and development. BrainZ's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

There are four main patents (or group of patents) relating to the BRM2 technology. Although some of these patents have not yet been issued, the minimum patent life continues until 2012 when the first patent expires.

The enforceability of a patent is dependent on a number of factors which may vary between jurisdictions. These factors include the validity of the patent and the scope of protection it provides. The validity of patents depends upon factors such as the novelty of the invention, the requirement in many jurisdictions that the invention not be obvious in light of prior art (including any prior use or documentary disclosure of the invention), the utility of the invention and the extent to which the patent specification clearly discloses the best method of working or carrying out the invention. The legal interpretation of these requirements often varies between jurisdictions. The scope of rights provided by a patent can also differ between jurisdictions. There can be no assurance even if BrainZ has patent protection relating to its technology, that others will not seek to imitate BrainZ's products in such a way as to circumvent BrainZ's patent rights. Additionally, the ability of the legal process to provide efficient and effective procedures for dealing with actual or suspected infringements can vary considerably between jurisdictions.

BrainZ intends to continue to expand into other global markets in the future and the laws of many foreign countries treat the protection of proprietary rights differently from the laws in Australia and New Zealand. Those laws may not protect BrainZ's proprietary rights to the same extent as do laws in Australia and New Zealand.

While BrainZ believes it has taken appropriate steps to protect its proprietary technology, the law may not adequately protect it in all places BrainZ does or may do business, or enable BrainZ's rights to be enforced with any adequacy. There can be no assurance that the measures taken by BrainZ have been, or will be, adequate to protect BrainZ's proprietary technology.

Risk of product liability

BrainZ's business exposes it to potential product liability risks which are inherent in research and development, pre-clinical study, clinical trials, manufacturing, marketing and use of medical technology. BrainZ will also be required to provide indemnities to any organisation contracted to perform pre-clinical studies and clinical trials. In addition, it may be necessary for BrainZ to secure certain levels of insurance as a condition to the conduct of clinical trials. BrainZ will seek to obtain adequate product liability insurance whenever prudent.

There can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that a product liability or other claim would not materially and adversely affect the business or the financial condition of BrainZ.

Research and development

BrainZ's research and development program is dependent on BrainZ's research and development agreements remaining in place and the success of new product development and clinical trials (including clinical trials currently being conducted in seven countries with the BRM2 technology). Research and development of technology of this nature involves long lead times.

The application of new product developments and the expansion of the clinical utility of the BRM2 monitor will need a substantial increase in research and development effort. There can be no guarantee that BrainZ's product development efforts will be successful and that BrainZ can sustain that effort in terms of financial capacity.

International trade

There are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements (including taxation), tariffs, customs, duties and other trade barriers, political instability, political risks, fluctuations in currency exchange risk, technology exports and import restrictions or prohibitions and potentially adverse tax consequences, any of which could adversely impact on the success of BrainZ's international operations.

As summarised in section 10.4.1, BrainZ has signed a 2-year distribution agreement with GE Healthcare in October 2004 to distribute the BRM2 in the USA and other countries by agreement. Accordingly, a large proportion of BrainZ's revenues is expected to be earned in currencies other than New Zealand dollars. Fluctuations in the exchange rate between the NZ$ and the international currency may affect BrainZ's earnings. At this time, BrainZ has determined not to hedge revenues as the timing and quantum thereof are uncertain.

The performance of BrainZ can be significantly affected by changes in economic conditions in the regions in which BrainZ operates. Factors such as market growth, inflation, interest rates, foreign currency exchange rates and relevant taxation and other legal regimes and Government policies may adversely affect BrainZ.

Realisation risk

BrainZ's shares are expected to be listed on the ASX, where their price may rise or fall. The Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price on which they made trade on the ASX. It is likely that BrainZ will not pay a dividend for a number of years.

There is a risk that the price obtainable for the Shares upon sale either on ASX or privately may be less than the amount applied for the Shares.

Risk of holding small parcels of Shares

Holders of small parcels of Shares may not be able to realise a return of their investment by sale of the Shares in each case because of lack of market liquidity and/or expenses of sale, such as brokerage.

Not underwritten

The Offer is not underwritten and will not proceed unless a minimum of A$10 million is raised. If the minimum subscription amount of A$10 million is not raised within four months of the date of this Prospectus, Application Moneys will be refunded in full but without interest. BrainZ also reserves the right to allot less Shares to Applicants than those applied for. Excess Application Moneys will also be refunded without interest. Accordingly, there is a risk that Shares will not be issued to Applicants and that Application Moneys will not be able to be utilised by Applicants for up to four months.

Financial performance

The initial objective of BrainZ is to further develop and commercialise its technology and expand sales of its products. It is likely that in the short term all of BrainZ's available funds will be used for that purpose.

BrainZ is not expected to make a distribution to shareholders for a number of years.

The ability of BrainZ to make a distribution in the future is dependent on many factors including the outcome of its research and development and its ability to commercialise any resultant product. At that time, the amount, timing and payment of any future distribution will depend on a range of factors including future capital and research and development requirements, the level of future profits and the financial and taxation position generally of BrainZ at the time. There will also be factors that affect the ability of BrainZ to pay distributions and the timing of those distributions that will be outside the control of BrainZ and its Directors. The Directors are therefore unable to give any assurance regarding the payment of distributions in the future.

There can be no assurance that BrainZ will be able to establish effective sale and distribution capabilities through its distribution agreement with GE Healthcare or be successful in gaining market acceptance for its technology.

Supply arrangements and input prices

It is assumed that the Company will continue to be able to source labour, materials and components and sub-contracted services (input prices) on terms no less favourable than exist at the date of the Prospectus. It is also assumed that there is no disruption to the continuing supply of materials and components which would negatively affect the Company's ability to deliver finished product on time.

Force majeure

Acts of terrorism and events of force majeure may decrease market confidence which may negatively effect the Company's trading patterns.

General

The above list of risk factors ought not to be taken as exhaustive of the risks faced by BrainZ or by investors in BrainZ. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of BrainZ and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

The investment is regarded as speculative and neither BrainZ nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of BrainZ will be achieved or that any particular performance of BrainZ or of its Shares, including those offered by this Prospectus, will be achieved.

SECTION 10 - ADDITIONAL INFORMATION

10.1 Incorporation

BrainZ was incorporated in New Zealand under the Companies Act on 30 August 1990 as a company limited by shares. Its registered number in New Zealand is 479754. BrainZ's public file in New Zealand is kept at the Business and Registries Branch, Ministry of Economic Development, 3 Kingston Street, Auckland, New Zealand.

The liability of the members of BrainZ is limited to the amount (if any) unpaid on the Shares respectively held by them.

BrainZ was acquired in September 2002 by Tru-Test. BrainZ also acquired its business in September 2002 as a result of the transactions involving itself and TTCL which are described in section 10.4.3. Tru-Test is a New Zealand-based multinational company specialising in the design, manufacture, sourcing and distribution of specialised products for the Agricultural-Technology sector. BrainZ continues to be 100% owned by Tru-Test, but acts independently with its own management and Board.

BrainZ was registered as a foreign company in Australia on 24 October 2005.

10.2 Corporate Governance Policies of BrainZ

The Directors of BrainZ have adopted practices and procedures for the corporate governance of BrainZ. These establish the framework of how the Directors carry out their duties and obligations on behalf of shareholders.

Continuous disclosure policy

BrainZ has adopted a continuous disclosure policy. This policy sets out the standards, protocols and the detailed requirements expected of all Directors, officers, senior management and employees of BrainZ for complying with the Listing Rules relating to 'continuous disclosure'.

This policy is designed to ensure that BrainZ complies with the Listing Rules and provides equal access to information and to promote quality communication between BrainZ and third parties such as shareholders, the investment community, the media and the ASX.

BrainZ has a corporate governance process designed to ensure that its ASX company announcements:

- are made in a timely manner;
- are factual and are accurate;
- do not omit material and relevant information; and
- are expressed clearly and objectively to enable investors to assess the impact of the information when making investment decisions.

The Board is responsible for approving and monitoring compliance with this policy. The effectiveness of this policy will also be evaluated on an annual basis.

Board of Directors and its composition

The Board is accountable to shareholders for the overall direction, management and corporate governance of BrainZ. The Board comprises four Directors, including three Non-Executive Directors and one Executive Director.

The Board's responsibilities include:

- overseeing BrainZ, including its control and accountability systems;
- ratifying senior executive appointments, organisational changes and senior management remuneration policies and practices;
- approving management's corporate strategy and performance objectives;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- reviewing and ratifying systems of risk management, internal compliance and control and legal compliance to ensure appropriate compliance frameworks and controls are in place; and
- monitoring and ensuring compliance with best practice corporate governance requirements.

Board Committees

The Board has established the following committees to assist it in carrying out its responsibilities to share detailed work and to consider certain issues and functions in detail:

- Nomination and Remuneration Committee; and
- Audit Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee must comprise at least three Directors, a majority of which are Non-Executive Directors.

The objective of the Nomination and Remuneration Committee is to help the Board achieve its objective to ensure BrainZ:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and Directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of BrainZ, the performance of the executives and the general pay environment.

The Nomination and Remuneration Committee is responsible for matters including identifying and recommending to the Board nominees for membership of the Board including the chief executive officer and ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans.

In relation to remuneration, the Nomination and Remuneration Committee is responsible for matters including reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices and annually considering, approving and recommending to the Board, both Executive and Non-Executive Directors' remuneration.

Under the BrainZ constitution, the Board may not exercise the power conferred by section 161 of the Companies Act to authorise payment of remuneration to Non-Executive Directors in their capacity as such, without the prior approval of BrainZ shareholders by ordinary resolution. The approved monetary sum may be divided among the non-executive Directors as determined by the Board.

Audit Committee

The Audit Committee must comprise at least three Directors, a majority of which are Non-Executive Directors.

The principal functions of the Audit Committee include:

- helping the Board to achieve its objectives in relation to:
  - financial reporting;
  - the application of accounting policies;
  - business policies and practices;
  - legal and regulatory compliance; and
  - internal control and risk management systems;
- promoting a culture of compliance; and
- ensuring effective internal and external audit functions and communication between the Board and the external and internal auditors.

The Audit Committee is also responsible for overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems.

Code of conduct

BrainZ has adopted a code of conduct for Directors and senior executives. As well as the legal and equitable duties owed by Directors and senior executives, the purpose of this code of conduct is to:

- articulate the high standards of integrity, ethical and law-abiding behaviour expected of Directors and senior executives;
- encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors); and
- set out the responsibility and accountability of Directors and senior executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.

Securities trading policy

BrainZ has adopted a securities trading policy which outlines when Directors, senior management and other employees of BrainZ may deal in Shares, options over those Shares and any other financial products of BrainZ traded on ASX.

ASX Corporate Governance Council

Under the Listing Rules, BrainZ is required to provide a statement in its annual report disclosing the extent to which it has followed in the relevant reporting period the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX Corporate Governance Council in March 2003 (Recommendations). The ASX Corporate Governance Council has recognised that the range in size and diversity of companies is significant and that smaller companies (such as BrainZ) may face particular issues in attaining all Recommendations from the outset. As at the date of this Prospectus, BrainZ complies with a number of, but not all, Recommendations.

10.3 Legal Proceedings

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the business of BrainZ.

10.4 Material Contracts

The Directors consider that certain contracts are material to BrainZ or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares (Material Contracts).

The main provisions of the Material Contracts other than the Offer Management Agreement are summarised below. As this section only contains a brief summary, the provisions of each contract are not fully described. The main provisions of the Offer Management Agreement are summarised in section 10.5 below.

10.4.1 Exclusive Distribution Agreement between Datex-Ohmeda Inc (wholly owned subsidiary of General Electric Company), BrainZ and TTCL

Appointment

Under an Exclusive Distribution Agreement between Datex - Ohmeda Inc (a wholly owned subsidiary of General Electric Company) (Distributor) and BrainZ and TTCL, BrainZ appointed the Distributor as exclusive distributor to market, distribute, promote, and sell BRM2 neonatal brain monitor and disposable electrodes (Products) in the USA (Territory). The Distributor is an independent contractor purchasing the Products from BrainZ for resale to the Distributor's customers.

Territory and exclusivity

The distribution rights granted to the Distributor are exclusive in the USA. If BrainZ wishes to appoint an alternative distributor in any new territory, BrainZ must give written notice to the Distributor of its intention to appoint a distributor. The Distributor has first right of refusal to be appointed as the exclusive distributor of the new territory.

Term and termination

The initial term of the agreement is 15 October 2004 to 15 October 2006 unless terminated earlier (Initial Term). After the Initial Term, the agreement continues to renew for successive one year terms (each a Renewal Term) unless either party provides written notice to the other party at least six months prior to the end of the Initial Term or any Renewal Term of its intention not to renew the agreement on expiry of the Initial Term or a Renewal Term.

The agreement may be terminated with prior written notice for breach or failure by a party to perform any of its material obligations under the agreement where that breach or failure has not been remedied by the party within a period of 60 days from written notice requiring remedy.

Either party may upon six months prior written notice to the other, terminate the agreement without cause.

If either party becomes the subject of an insolvency event, the other party may terminate the agreement immediately on written notice.

Either party (Affected Party) may terminate the agreement by written notice to the other party if effective control of that other party passes to a person which or who the Affected Party reasonably considers would be prejudicial to the Affected Party's interests.

Notwithstanding anything to the contrary in the agreement, if BrainZ terminates the agreement at any time after six months from the commencement date or if the agreement expires at the end of the Initial Term or any Renewal Term, the Distributor remains, for a period of 12 months from the date of termination or expiration, the exclusive distributor of the disposable electrodes (and any modifications, improvements, substitutes or functional equivalents thereof) for all customers who purchased any Product during the term. The Distributor will not have these rights, however, if the agreement is terminated by the Manufacturer for breach of the agreement by the Distributor or if the Distributor becomes subject to an insolvency event.

BrainZ is required to ensure the provision of adequate and reasonable customer support including Product repair and maintenance service and supply of spare parts for at least five years from the date of any sale by the Distributor prior to the termination or expiration of the agreement.

Prices

The Products are acquired by the Distributor for a fixed price and the Distributor has the sole and absolute discretion to set end user pricing. In exercising this discretion, the Distributor is to consult with BrainZ and take into consideration the views of BrainZ and have regard to its obligations in relation to advertising and promotion.

Non-compete clause

The Distributor agrees that neither it nor any of its affiliates will during the Initial Term or any Renewal Term, manufacture, sell or offer for sale within the Territory, any products which are similar to and which compete with the Products in the areas of brain injury and seizure detection. BrainZ may immediately terminate the agreement by written notice to the Distributor if this provision is breached.

Advertising and promotions

In conjunction and consultation with BrainZ, the Distributor is required during the term of the agreement to use commercially reasonable efforts to promote the sale of the Products in the Territory, advertise the Products in appropriate publications and prepare a distribution plan outlining the means by which the Distributor will promote, sell and support the Products.

Sales and support

BrainZ is required to provide, at its cost, limited sales training support for the Distributor.

BrainZ must provide all documentation to enable the Distributor to establish a support plan and deliver support services for the Products. BrainZ must also provide training support for training the Distributor's employees. Each party is responsible for its costs associated with this training.

Quality assurance and regulatory compliance

In respect of the USA and countries in the European Union only, BrainZ is solely responsible at its own cost for regulatory compliance of the Products, including validation of the Products for use with other products, Product claims, regulatory approvals and other matters. BrainZ has agreed to maintain certification of ISO 13485: Year 1996 and compliance with the Food & Drug Administration's 21 CFR 820 Quality System Regulation. BrainZ is also responsible for reporting under all applicable USA reporting requirements.

Where the Distributor is appointed an exclusive distributor to a new territory, the Distributor is required to cooperate with BrainZ in obtaining regulatory approvals, certificates and clearance or consents in respect of the Products, provided that the Distributor is responsible for costs. The Distributor is responsible for obtaining export certificates and other documents necessary for the import and sale of the Products in the Territory. BrainZ may be required to provide reasonable assistance in obtaining these certificates and documents. The Distributor is also responsible for obtaining and maintaining any export licenses required for delivery of the Products to the Distributor, other than export licenses required by New Zealand law.

Assignment

Neither party may assign, transfer or sublicense the agreement or any rights or obligations under the agreement, without the prior written consent of the other party, which must not be unreasonably withheld.

First right of refusal

If TTCL wishes to sell an ownership interest, whether directly or indirectly, in BrainZ which carries effective control, a sale notice needs to be given to the Distributor specifying the details of the shares to be sold and the price which TTCL wishes to receive for this sale interest, and any other terms of the sale which the seller wishes to stipulate (Sale Notice). On receipt of a Sale Notice, the Distributor may give written notice indicating it is interested in discussing the possibility of acquiring the sale interest and the agreement provides for a negotiation process.

This does not apply to the Offer under this Prospectus.

If BrainZ proposes to enter into an arrangement to sell the Products for incorporation with or into a multi-function monitoring or other product for resale in the Territory (OEM Arrangement), BrainZ must give written notice (OEM Notice) to the Distributor specifying the terms of the OEM Arrangement. The Distributor may express interest in discussing the possibility of entering into an OEM Arrangement with BrainZ on receipt of an OEM Notice. The parties agree that neither the Distributor nor BrainZ nor TTCL (as the case may be), is obliged to enter into an OEM Arrangement.

Indemnity

BrainZ and TTCL jointly and severally indemnify the Distributor and its affiliates from and against all liabilities and claims incurred by or rendered against any of them arising out of or relating to any third party claims or actions for personal injury, property damage or death which relate (directly or indirectly) to any Product(s) sold by BrainZ to the Distributor pursuant to the agreement. However, BrainZ and TTCL are not obliged to indemnify the Distributor for any such third party claims in the event that it is judicially determined that the Distributor's own negligence contributed in any material way to such injury or damage.

The Distributor must seek indemnification protection from BrainZ at first instance. In the event that BrainZ is unable to provide satisfactory indemnification in a timely manner, the Distributor may seek such indemnification protection from TTCL.

10.4.2 Addendum to Exclusive Distribution Agreement

The addendum was executed by the Distributor on 31 March 2005, appointing the Distributor as exclusive distributor to market, distribute, promote, and sell the Products in the United Kingdom, on the terms and conditions contained in the Exclusive Distribution Agreement (Agreement) referred to above and the Addendum. The Addendum provides that the minimum term of the appointment is two years, unless terminated pursuant to the provisions of the Agreement other than termination upon prior written notice.

Other than the amendments to the Agreement set out in the Addendum, the Agreement remains in full force and effect.

10.4.3 Technology Transfer Deed between Auckland UniServices Limited and TTCL (as affected by (i) Deed of Covenant between Auckland UniServices Limited and BrainZ and (ii) Deed of Assignment between TTCL and BrainZ)

Technology Transfer Deed

Under the deed, TTCL acquired from Auckland UniServices Limited (UniServices) all right, title and interest of UniServices in the intellectual property rights relating exclusively to certain brain rescue monitor devices (BRMs), being those devices part of which fall within the claims made within certain patents and patents applications specified in the deed and all UniServices' interests in those BRMs.

Deed of Covenant

Under the deed dated 24 August 2004, BrainZ covenanted to UniServices to perform and comply with the terms of the Technology Transfer Deed as they applied to TTCL, and UniServices consented to the assignment of the assets, that had been transferred to TTCL under the Technology Transfer Deed, to BrainZ.

The terms of the Deed of Covenant require BrainZ to continue to comply with the terms of the Technology Transfer Deed as they apply to TTCL (which include the terms relating to royalty payments discussed below).

Deed of Assignment

Under a deed of assignment, with effect from 24 August 2004, TTCL assigned all its right, title and interest in the Assets (as defined in the Technology Transfer Deed referred to above) to BrainZ.

The rights of BrainZ to any assets under the Technology Transfer Deed can be terminated if UniServices gives notice requiring the return of those assets under the Technology Transfer Deed. However, UniServices may only give notice to BrainZ requiring the return of any such assets if an amount payable under the Technology Transfer Deed is not paid on the due date, or if a material breach specified by UniServices is not remedied within 90 days of a notice from UniServices to remedy the breach, or if BrainZ goes into liquidation (other than as a result of a solvent reconstruction).

Under the Technology Transfer Deed, BrainZ is obliged to pay UniServices royalties on net sales of BRMs at the rate of 5% of net sales of BRMs. These royalties are payable during a royalty period commencing on 13 September 2002 and expiring on the date the last of the specified patents and patent applications expire.

BrainZ is only required to pay the royalty fee under the Technology Transfer Deed on brain rescue monitor devices that utilise the patents or patent applications that have been transferred to BrainZ under the Technology Transfer Deed. As at the date of this Prospectus, the Directors believe that sales of the brain rescue monitor devices currently being promoted are not expected to trigger any royalty obligations.

BrainZ also acquired other technology associated with its business from NeuronZ Limited on 13 September 2002. No royalties are payable in respect of this technology.

UniServices and NeuronZ Limited are both companies associated with the Auckland University.

10.4.4 Research Agreement between BrainZ and UniServices

The agreement was executed on 27 April 2004. UniServices is a wholly owned subsidiary of the University of Auckland. Under this agreement, UniServices provides the services of researchers to provide research services to BrainZ.

Definition of 'Research'

'Research' is described as research and development of existing and subsequent generations of brain monitor technology, including without limitation the co-ordination and supervision of all clinical tests or trials of the BRM technologies. The detailed research programme is to be agreed by the parties and appended to the agreement. The basic outline of the research project, however, is to fall into the following categories, including:

(a) bedside brain monitoring in pre-term infants;

(b) bedside brain monitoring in term infants;

(c) the development of an automatic seizure detection Algorithm;

(d) bedside brain monitoring in cardiac surgery including the development of cortical impedance monitoring;

(e) bedside brain monitoring in paediatric intensive care settings; and

(f) combinations of infra red technology with bedside brain monitoring.

Liggins Institute staff

The agreement provides for time proportions in which Liggins Institute staff, Christopher Williams and Mark Gunning, will spend at BrainZ at an agreed charge-out rate (Principal Investigators). The time proportion is subject to change if mutually agreed by the two parties.

The agreement does not limit the freedom of UniServices or any researcher, whether a participant in the Research or not, from engaging in similar research outside the areas outlined within the Research project, carried out independently under other grants, contracts or agreements with parties other than BrainZ.

Publication

The Principal Investigators may make publications or presentations regarding the Research provided BrainZ is given the opportunity to review any such publication. Where BrainZ believes that publication would involve disclosure of its confidential information or where there is patentable subject matter in which BrainZ has an interest, BrainZ may object and UniServices must ensure that the Principal Investigator must, for up to 90 days from initial delivery of the publication, delay disclosing such patentable subject matter in order to permit the filing of patent applications.

Term and termination

The research period is 1 June 2004 to 31 May 2006 unless terminated earlier in accordance with the agreement.

If a Principal Investigator ceases to be available to UniServices or becomes unable to continue the research, the parties have one month to agree on a substitute, failing which, either party may terminate the Agreement by notice in writing to the other.

If the parties are unable to agree a research programme within a 30 day period, either party may terminate the agreement by notice in writing to the other.

10.4.5 Funding arrangement for BrainZ from Technology New Zealand (a business unit of the Foundation for Research, Science and Technology) (Foundation)

Term

The technology funding agreement (BRNZ 0401) relates to funding of long term monitoring of brain injury and was approved on 19 October 2004. The funding amount approved was NZ$1,930,035 including GST. The commencement date of the project was 1 November 2004. The project completion date is 31 October 2006 and the contract end date is 30 December 2006.

Intellectual property

The Foundation will not assert ownership in any 'Intellectual Property Rights' owned or created by BrainZ or any third party. 'Intellectual Property Rights' are defined as 'any and all intellectual property rights specific to the project subsisting anywhere in the world including patents, copyright, registered designs, unregistered design rights, trade or service marks (whether registered or unregistered), know how and business processes and any and all applications therefore and all rights in confidential information'.

Reporting requirements

The Foundation is not liable to provide any funding unless it is satisfied with reports provided by BrainZ to the Foundation pursuant to the agreement. The agreement provides that during the term of the contract, BrainZ must provide the Foundation with such reports, and at such times, as per specified reporting guidelines which are outlined on the Foundation's website.

In addition, BrainZ is required to allow the Foundation to inspect its premises, have access to all company records and documents together with access to employees, sub-contractors, and suppliers at any stage of the project including up to three years after the end of the contract.

Indemnity

BrainZ indemnifies the Foundation against any claim, liability or expense (including without limitation legal fees, costs and disbursements) brought or threatened against or incurred by the Foundation, arising either directly or indirectly out of the project that is caused by BrainZ.

Termination

The Foundation may terminate the contract by notice in writing to BrainZ if:

(a) BrainZ commits a breach and fails to remedy the breach within a reasonable time of being notified of the breach;

(b) BrainZ gives or the Foundation discovers that BrainZ has given information to it which is misleading or deemed to be misleading or inaccurate in any material respect;

(c) if an insolvency event occurs in respect of BrainZ;

(d) in monitoring progress of the project under the terms of the agreement, it becomes apparent to the Foundation that the project objectives identified in the project will not be met; or

(e) reports provided by BrainZ to the Foundation under the agreement do not meet the standards established in the reporting guidelines.

The Foundation may also terminate the contract by notice in writing if the Government reduces, stops or freezes funding to the Foundation.

The agreement provides that where termination occurs, the Foundation may:

(a) set off the amount of funding paid to BrainZ up to the date of termination or any part of that amount against payment to be made to BrainZ under any other contract (existing or future) with the Foundation; or

(b) where termination occurs under the agreement as a result of a deliberate breach of contract by BrainZ, require BrainZ to return all funding up to the date of termination together with interest on all sums due.

Assignment

BrainZ must not assign, sub-contract or otherwise transfer its rights and obligations under the contract to a third party without the prior written consent of the Foundation. Any change in ownership affecting the source of control of BrainZ will be deemed a transfer and assignment.

10.5 Offer Management Agreement between BrainZ and JT Campbell

The Company and the Offer Manager have entered into an agreement dated 2 November 2005 for the purposes of managing the Offer.

Fees and expenses

The Company must pay JT Campbell a management fee of 2.5% of the gross funds raised by the issue of the Shares under the Offer as consideration for the management obligation undertaken by JT Campbell (Management Fee).

The Company must pay JT Campbell a selling fee of 2.5% of the gross funds raised by the issue of the Shares under the Offer as consideration for its services in using its best endeavours to procure subscriptions for the Shares under the Offer (Selling Fee).

If the Company forms the view, acting reasonably, that JT Campbell has performed its obligations under the Offer Management Agreement, the Company will pay to JT Campbell a fee of 1.0% of the gross funds raised by the issue of the Shares under the Offer as consideration for its services in arranging the Issue.

The Company has agreed to pay JT Campbell a monthly retainer of A$20,000 capped at A$80,000. The retainer is rebateable against both the Management Fee and Selling Fee.

In addition, the Company has agreed to reimburse JT Campbell for all costs and expenses (up to a maximum of A$25,000 (exclusive of GST) incurred in connection with the IPO and in respect of legal expenses of JT Campbell up to the amount of A$12,500 (exclusive of GST)).

Indemnity

Subject to certain exclusions relating to, among other things, wilful default or the gross negligence of JT Campbell or its directors, officers, employees and agents (Indemnified Parties), the Company has undertaken that the Indemnified Parties will be indemnified and held harmless from and against all loss suffered in connection with the Offer.

Termination

JT Campbell may terminate its obligations under the agreement if:

(a) (**Loan funds**) the Company fails to provide evidence to JT Campbell by 9.00am on the Closing Date, in a form satisfactory to JT Campbell acting reasonably, that the amount of funds loaned by Tru-Test to the Company and remain outstanding as at 5.00pm on the day before the Closing Date does not exceed NZ$400,000 (excluding amounts loaned by Tru-Test to the Company for the purpose of satisfying costs of the Company in respect of the Offer); or

(b) (**Indices fall**) any of the S&P/ASX 200 Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of the agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the agreement; or

(c) (**Prospectus**) the Company does not lodge the Prospectus on the Lodgement Date (being no later than two business days after the date of the agreement or such other date as agreed in writing by JT Campbell) or the Prospectus or the Offer is withdrawn by the Company; or

(d) (**Copies of Prospectus**) the Company fails to provide, at the Company's cost, 1,500 copies of the Prospectus to JT Campbell by the Opening Date and such failure is not remedied within 2 days; or

(e) (**No Listing Approval**) Listing Approval (being consent by ASX to the admission of the Company to the Official List and consent by ASX to official quotation of the Shares) has not been granted by the Closing Date or, having been granted, is subsequently withdrawn, withheld or qualified; or

(f) (**Supplementary prospectus**):

(i) JT Campbell, having elected not to exercise its right to terminate its obligations under the agreement as a result of an adverse change as described in the agreement, forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as JT Campbell may reasonably require; or

(ii) the Company lodges a Supplementary Prospectus without the prior written agreement of JT Campbell (other than such written agreement that has been unreasonably withheld or delayed); or

(g) (**Section 730 notice**) any person gives a notice under section 730 of the Corporations Act; or

(h) (**Non-compliance with disclosure requirements**) it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:

(i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(ii) the rights and liabilities attaching to the Shares,

having regard to the matters set out in section 710 of the Corporations Act and relevant published ASIC policy; or

(i) (**Misleading Prospectus**) it transpires that there is a statement in the Prospectus or any Supplementary Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus or any Supplementary Prospectus (having regard to the provisions of sections 710, 711 and 716 of the Corporations Act) or if any statement in the Prospectus or any Supplementary Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or

(j) (**Restriction on allotment**) the Company is prevented from allotting the Shares within the time required by the agreement, the Corporations Act, the Companies Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or

(k) (**Withdrawal of consent to Prospectus**) any person (other than the JT Campbell) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or

(l) (**ASIC application**) an application is made by ASIC for an order under section 1324B, section 1325 or any other provision of the Corporations Act in relation to the Prospectus or any Supplementary Prospectus, the Closing Date has arrived, and that application has not been dismissed or withdrawn; or

(m) (**ASIC hearing**) ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus, or any Supplementary Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus or any Supplementary Prospectus under section 739 of the Corporations Act; or

(n) (**ASIC prosecution**) ASIC:

(i) prosecutes or gives notice of an intention to prosecute; or

(ii) commences proceedings against, or gives notice of an intention to commence proceedings against,

the Company or any of its respective directors, officers, employees or agents in relation to the Prospectus, any Supplementary Prospectus or the Offer; or

(o) (**Authorisation**) any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to JT Campbell; or

(p) (**Indictable offence**) a director or senior manager of the Company is charged with an indictable offence; or

(q) (**Termination Events**) subject always to the occurrence of material adverse effect, any of the following events occur:

(i) (**Default**) default or breach by the Company under the agreement of any terms, condition, covenant or undertaking;

(ii) (**Incorrect or untrue representation**) any representation, warranty or undertaking given by the Company in the agreement is or becomes untrue or incorrect;

(iii) (**Contravention of constitution or Act**) a contravention by the Company of any provision of its constitution, the Corporations Act, the Companies Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

(iv) (**Adverse change**) an event occurs which gives rise to a material adverse effect (as defined in the agreement) or any adverse change or any development including a prospective adverse change after the date of the agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in JT Campbell's reasonable opinion, unlikely to be met in the projected time;

(v) **(Error in Due Diligence Results)** it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;

(vi) **(Significant change)** a 'new circumstance' as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;

(vii) **(Public statements)** without the prior approval of JT Campbell (not including such an approval that has been unreasonably withheld or delayed) a public statement is made by the Company in relation to the Offer, the Issue, the Prospectus or any Supplementary Prospectus;

(viii) **(Misleading information)** any information supplied at any time by the Company or any person on its behalf to JT Campbell in respect of any aspect of the Offer or the Issue or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;

(ix) **(Official Quotation qualified)** the official quotation is qualified or conditional other than as set out in the agreement;

(x) **(Change in Act or policy)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories or the Parliament of New Zealand, as the case may be, any Act or prospective Act or budget or the Reserve Bank of Australia or the Reserve Bank of New Zealand or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

(xi) **(Default Occurrence)** a Default Occurrence (as defined in the agreement) occurs, other than as disclosed in the Prospectus;

(xii) **(Suspension of debt payments)** the Company suspends payment of its debts generally;

(xiii) **(Event of Insolvency)** an Event of Insolvency (as defined in the agreement) occurs in respect of the Company;

(xiv) **(Judgment against the Company)** a judgment in an amount exceeding $170,000.00 is obtained against the Company and is not set aside or satisfied within 7 days;

(xv) **(Litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of the agreement commenced against the Company, other than any claims or proceedings foreshadowed in the Prospectus;

(xvi) **(Board and senior management composition)** there is a change in the composition of the Board or a change in the senior management of the Company before Issue without the prior written consent of JT Campbell;

(xvii) **(Change in shareholdings)** there is a material change in the major or controlling shareholdings of the Company or a scheme of arrangement pursuant to Chapter 5 of the Corporations Act or a takeover offer pursuant to the Takeovers Code (New Zealand) is publicly announced in relation to the Company;

(xviii) **(Timetable)** there is a delay in any specified date in the Timetable (other than a delay directly caused or agreed to by JT Campbell) which is greater than 3 Business Days;

(xix) **(Force Majeure)** a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;

(xx) **(Hostilities)** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel, Egypt, North Korea, Taiwan, Papua New Guinea, Thailand or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

(xxi) (**Certain resolutions passed**) the Company passes or takes any steps to pass a resolution to acquire its own shares or to give financial assistance to a person for the purpose of, or in connection with, the purchase of a share issued or to be issued by the Company, or a resolution to amend its constitution without the prior written consent of JT Campbell;

(xxii) (**Capital Structure**) the Company alters its capital structure in any manner not contemplated by the Prospectus;

(xxiii) (**Breach of Material Contracts**) any of the Contracts is terminated or substantially modified;

(xxiiv) (**Investigation**) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company; or

(xxv) (**Market Conditions**) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the USA or other international financial markets.

The events listed in paragraph (q) above, do not entitle JT Campbell to exercise its termination rights under the agreement unless, in the reasonable opinion of JT Campbell, it:

(a) has a material adverse effect on the success of the Offer or issue, the ability of JT Campbell to market or promote the Offer, the subsequent market for the Shares or the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries taken as whole;

(b) results in a contravention by JT Campbell of, or JT Campbell being involved in a contravention of, the Corporations Act or any other applicable law; or

(c) gives rise to a liability of JT Campbell,

or is likely to have, or those events together have, or could reasonably be expected to result in the effects stated at (a) to (c) above.

Return of subscription moneys

If:

(a) JT Campbell gives notice of termination of the Offer Management Agreement pursuant to the occurrence of a termination event listed above after the Closing Date; or

(b) the Shares have not commenced trading on ASX within 21 days of the date of Listing,

the Company will, following receipt of a written request from JT Campbell, return any subscription moneys received as a consequence of valid Applications and held in trust, to those applicants nominated by JT Campbell, within five Business Days of the written request.

10.6 Share Capital

As at the date of this Prospectus, BrainZ has 34,000,000 Shares on issue and proposes to issue 5,803,669 Options.

Shares

As at the date of this Prospectus, the shareholders of BrainZ were as follows:

Holder	Number of Shares	% prior to Offer (approx)	% on completion of subscription under Offer (approx)
Tru-Test	34,000,000*	100	63**

*The number of shares includes 17,032,414 shares issued to Tru-Test on 18 October 2005.

**Assuming minimum subscription of A$10.0 million is raised. Percentage will be 56.7% if BrainZ accepts maximum oversubscriptions of A$3.0 million.

All issued Shares are of the same class and rank equally.

Shares and Options held by Directors

Section 10.9 sets out the Share and Option holdings of the Directors.

Options

Directors' interests in options are noted below in section 10.9.

A summary of the general terms and conditions attaching to the Options is contained in section 10.8.

Restricted Securities

ASX may, as a condition of granting BrainZ's application for official quotation of its Shares, classify certain existing Shares or Options or both as restricted securities. If so, prior to Official Quotation of BrainZ's Shares, the holders of the restricted securities and their controllers will be required to enter into restriction agreements with BrainZ.

The Directors expect that the escrow arrangements will prohibit the transfer of effective ownership or control of some or all of the Shares or Options held by the existing shareholders and Option holders of BrainZ for a period of up to 24 months without the holders of those Shares and Options first obtaining the written consent of ASX to the transfer.

To the extent ASX does not require restriction agreements in respect of securities held by Tru-Test, a voluntary escrow restriction has been entered into between BrainZ and Tru-Test in respect of all of the Shares and Options held by Tru-Test. The voluntary escrow period will be the period of 12 months starting on the earliest date the Shares are quoted on ASX.

10.7 Constitution of BrainZ Instruments Limited, rights attaching to Shares and certain elements of New Zealand company law

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in such shareholder's name on the Register.

A poll may be demanded by not less than five shareholders having the right to vote at the meeting, the chairperson of the meeting, a shareholder or shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote at the meeting or by a shareholder or shareholders holding shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 10% of the total amount paid up on all Shares that confer that right.

Distributions

The authorisation and payment of distributions (which includes dividends) is subject to certain procedural pre-conditions prescribed in the Companies Act and BrainZ's constitution.

If the Board is satisfied on reasonable grounds that BrainZ will, immediately after the distribution, satisfy the test prescribed in the New Zealand legislation as to BrainZ's solvency, it may authorise such distribution at a time, and of an amount, as it thinks fit. If the Board determines that a distribution is payable under the Constitution, it may, if permitted by the Listing Rules, amend or revoke the resolution to pay the distribution before the record date notified to ASX for determining entitlements to that distribution.

Transfer of Shares

Subject to the Constitution, a shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors.

The Board may in its absolute discretion refuse to register any transfer of Shares or other securities where the Shares or other securities are not quoted on ASX. Where the Shares or other securities are quoted by ASX, the Board may in its absolute discretion refuse to register any transfer in any of the circumstances permitted by the Listing Rules. The Company must not refuse or fail to register or give effect to, or delay or in any way interfere with, a proper ASTC transfer of Shares or other securities quoted by ASX.

Annual meetings and notice

Under the Companies Act, the Company is required to hold an annual meeting of Shareholders not later than 6 months after its balance date (31 August) and not later than 15 months after the previous annual meeting. All Shareholders are entitled to receive notice, and to attend (in person or by appointment of a proxy) meetings of Shareholders. The business of an annual meeting may include consideration of the annual financial report, Directors' report and auditor's report, election of Directors, appointment of the auditor and fixing the auditor's remuneration. The chairperson of an annual meeting must allow a reasonable opportunity for the shareholders as a whole at the meeting to ask questions about or make comments on the management of the Company and ask the auditor or their representative questions relevant to the conduct of the audit and the content and preparation of the auditor's report for the Company.

At the close of each annual meeting, one-third of the Board or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Board, must retire (a retiring Director remains in office until the end of the meeting and will be eligible for re-election at the meeting).

Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company divide among the shareholders in kind all or any of the Company's assets and for that purpose, determine how he or she will carry out the division between the different classes of shareholders but may not require a shareholder to accept any Shares or other securities in respect of which there is any liability.

Shareholder liability

As the Shares offered under the Prospectus are to be paid for in full on application, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration of Constitution

Under the Companies Act, a company may alter or revoke its constitution by special resolution of its shareholders. A special resolution of the shareholders of BrainZ requires a 75% majority of those present and voting, as well as notification of the resolution in the notice calling the meeting.

Any alteration to the Constitution which would affect rights attached to shares is subject to a special procedure (see Alteration of Shareholder Rights below).

Alteration of Shareholder Rights

Under the Companies Act, BrainZ is not permitted to take action that affects the rights attached to Shares unless that action has been approved by a special resolution of each "interest group".

Shareholders belong to the same interest group if the rights attached to their Shares which are affected by the proposed action are identical, and their rights are affected by the proposal in the same way.

As BrainZ's constitution expressly permits the issue of Shares ranking equally with or in priority to existing Shares, the issue of Shares in accordance with BrainZ's constitution will not constitute an action which affects the rights attached to the existing Shares.

Where a Shareholder whose rights are affected by action proposed by BrainZ attends an interest group meeting and votes against that action with all the votes attached to Shares registered in that Shareholder's name and in the same beneficial ownership, but the action is nonetheless approved by the interest group and BrainZ thereby becomes entitled to take the action, the Shareholder is entitled to require BrainZ to buy back those Shares.

BrainZ acquiring its own Shares

BrainZ may acquire its own Shares, if effected pro-rata to existing holders, if consented to in writing by all Shareholders, or if it is made in accordance with a special statutory prescribed procedure.

That procedure requires the Board to resolve that the buy back is of benefit to the remaining shareholders and that the terms of the offer and the consideration offered for the shares are fair and reasonable to the remaining shareholders.

BrainZ may also buy back not more than a specified number of its own shares by means of an offer on the ASX so long as certain resolutions are passed, written disclosure is made to shareholders and the offer is not made less than 10 working days after that disclosure is made.

BrainZ may also buy back shares on ASX, without prior notice to shareholders, provided certain resolutions are passed and the number of shares acquired in any 12 month period does not exceed 5% of the number of shares in that class at the commencement of the period.

Financial assistance to purchase BrainZ Shares

BrainZ may provide financial assistance to a proposed Shareholder to purchase shares in BrainZ if:

(a) all shareholders have consented in writing to the giving of the assistance; or

(b) the Board resolves that giving the assistance is of benefit to shareholders not receiving the assistance, and the terms and conditions under which the assistance is given are fair and reasonable to those shareholders who are not receiving the assistance, and at least 10 working days have elapsed after a disclosure document is given to shareholders; or

(c) the amount of the assistance, together with any other outstanding assistance given on the same basis does not exceed 5% of BrainZ's issued share capital and reserves and BrainZ receives fair value in connection with the assistance.

Before providing any financial assistance, BrainZ must satisfy the solvency test under the Companies Act, and the Directors must resolve that the assistance is in the best interests of BrainZ and that the terms and conditions under which the assistance is given are fair and reasonable to BrainZ.

Minority buy out rights

If, by special resolution, BrainZ resolves to alter or revoke its Constitution in a way that imposes or removes a restriction on the activities of BrainZ, approves a major transaction or approves a statutory amalgamation, any Shareholder voting all its Shares against the resolution is entitled to require BrainZ to purchase, or to arrange for another person to purchase, that Shareholder's Shares for a fair and reasonable price nominated by BrainZ or, if the Shareholder objects to such price, a price determined by arbitration. BrainZ must comply with this requirement unless it obtains an exemption from a Court in New Zealand or arranges to have the resolution rescinded by special resolution. This remedy is also available to a dissenting shareholder where an interest group of which the Shareholder is a member has approved the taking of action that affects the rights attached to Shares, and BrainZ becomes entitled to take that action (see Alteration of Shareholder Rights above).

Listing Rules

If BrainZ is admitted to the Official List, then despite anything in the Constitution of BrainZ, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

Takeovers

The New Zealand Takeovers Code ('the Code') will apply to BrainZ in the event that it has NZ$20,000,000 or more of assets. If the New Zealand Securities Legislation Bill becomes law in its current form, then the Code will apply to BrainZ by virtue of having 50 or more shareholders. If at any time BrainZ does not constitute a Code company for the purposes of the Code, then the provisions relating to compulsory acquisition of securities contained in the Code shall nevertheless apply to BrainZ, subject only to such changes as may be necessary to apply those provisions to a company that is not a Code company.

The essence of the Code is a 'fundamental rule' which prohibits a person becoming the holder or controller of voting rights in a Code company if it and its 'associates' would afterwards hold or control more than 20% of the voting rights, unless the increase fits within one of the exemptions to the fundamental rule or the New Zealand Takeovers Panel (Panel) grants an exemption.

If a person already holds more than 20% of the voting rights in a Code company, then that person (and its associates) cannot become the holder(s) or controller(s) of an increased level of voting rights except in compliance with the Code or through an exemption.

The permitted methods of increasing a holding or control beyond the 20% threshold are:

Full Offer: A full offer can be made for all voting securities of the target company as well as any non-voting equity securities on issue. If the target company has different classes of securities the full offer must be fair and reasonable between different classes. If the offeror's existing holding or control is 50% or less, the offer must be for securities which will result in the offeror holding or controlling more than 50% of the voting rights.

Partial Offer: A partial offer (for less than 100%) is permitted but must be extended to all holders of voting securities (non-voting securities can be excluded) and must be for a specific percentage of each holder's voting securities. Again, if there is more than one class of voting securities, the partial offer must extend to each class. Also, if the offeror's existing holding or control is 50% or less, the offer must be for securities which will result in the offeror holding or controlling more than 50% of the voting rights. However, unlike a full offer, a partial offer can be made for a lesser percentage if a written approval procedure is followed and is successful. If excess acceptances of an offer are received, the acceptances must be scaled back proportionately.

Shareholder Approval: A specific purchase or issue of voting securities may be approved by shareholders in the target company by an ordinary resolution (simple majority of shareholders voting on the issue) but the persons acquiring and disposing of the securities may not vote on the proposal.

Limited 5% creep: A person holding or controlling more than 50% but less than 90% of the voting rights can increase their holding by up to 5% of the total voting rights in the company in any 12 month period. Unlike Australia and for companies incorporated in some other countries' codes, the 'creep' provision does not apply to holders with less than 50% - there is a 'no fly zone' between 20% and 50%.

Compulsory Acquisition: Persons holding or controlling 90% or more of the voting rights can increase that holding without restriction – a 'free fly' zone. In addition, above the 90% threshold the holder may compulsorily acquire the remaining securities and may be required to acquire the securities of remaining holders.

In summary, no 'creep' is possible in the 20% to 50% no fly zone, only 5% per year is possible between 50% and 90%, and Shareholders may only approve exceptions if the purchaser is specifically identified (which is not possible in an on-market acquisition).

An offer must be on the same terms and conditions, including the same consideration, to all holders of securities of the same class. This requirement substantially removes the ability to pay a 'premium for control' above the 20% threshold. However, unlike in other countries, there is no 'relation back' requirement under which the offer price must be no lower than the highest price paid for acquisitions below the 20% threshold during previous periods. Assuming that the bidder for shares is not an 'associate' (as defined in Rule 4 of the Code) with the person who has acquired the shares below the 20% threshold, there is therefore still a limited ability to pay a 'premium for control' below the 20% threshold.

As the Code focuses on voting rights, rather than relevant interests, pre-bid lock-up agreements are permitted under the Code. These are agreements between a Shareholder and a potential bidder whereby the potential bidder agrees to make a takeover offer on agreed terms that comply with the Code and the Shareholder agrees to accept that takeover offer. Assuming that the bidder for shares is not an 'associate' (as defined in Rule 4 of the Code) with the person who has acquired the shares below the 20% threshold, there is therefore still a limited ability to pay a 'premium for control' below the 20% threshold.

Compulsory Acquisition

If a person or persons (defined as a 'Dominant Owner') become the holder of 90% or more of BrainZ's voting securities (acquired by any method and at any time), then the Dominant Owner must give an acquisition notice. That acquisition notice must state either that the outstanding shareholders must sell their shares to the Dominant Owner or that the outstanding shareholders have the right to sell their shares to the Dominant Owner. If a person becomes a Dominant Owner by reason of acceptances under a takeover offer the consideration payable for the outstanding shares must be the same as the consideration provided under the takeover offer. In other cases, the consideration specified in the acquisition notice must be a cash sum certified as fair and reasonable by an independent advisor (if objections are received from the holders of a prescribed minimum number of outstanding shares the matter of consideration must be referred to expert determination (the independent expert acts as an expert and not as an arbitrator in making the determination)).

10.8 BrainZ Share Option Plan

The BrainZ Instruments Limited Option Plan has been adopted and the Company proposes to issue in total 5,803,669 Options prior to the date the Shares are expected to be listed on ASX. Each of these Options will have an exercise price of A$0.63.

Name of Plan

The Plan is called the **BrainZ Instruments Limited Option Plan.**

Objects of Plan

The objects of the Plan are to:

(a) provide an incentive for Eligible Participants to continue to provide services to the Company or an Associated Company in the long term and maximise their contribution to the performance of the Company;

(b) recognise the ongoing ability of Eligible Participants and their expected efforts and contribution in the long term to the performance and success of the Company; and

(c) provide Eligible Participants with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

Defined terms

'**Associated Company**' means:

(a) a company which is a related body corporate (as defined in the Corporations Act) of the Company;

(b) a company which has voting power (as defined in the Corporations Act) in the Company of not less than 20%; and

(c) a company in which the Company has voting power (as defined in the Corporations Act) of not less than 20%.

'**Eligible Participant**' means:

(a) an Employee (of the Company as defined under the Plan);

(b) a Contractor (with the Company or an Associated Company);

(c) a Director (of the Company or an Associated Company);

(d) a Founder (being a promoter as defined in the Listing Rules of the Company); or

(e) a member of the Scientific Advisory Board,

of the Company or an Associated Company, whom the Plan Committee determines is to receive an Offer under the Plan.

'**Option**' means an option issued to a Participant under the Plan to acquire by way of issue a Share.

'**Participant**' means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant.

'**Plan Committee**' means the Employee Option Plan Committee or another committee of the Board to which power to administer the Plan has been delegated or if there has been no delegation, the Board.

Principal conditions

Plan limit

The number of Shares to be received on exercise of an Option which is the subject of an Offer, when aggregated with:

(a) the number of Shares which would be issued were each outstanding offer or invitation or option to acquire unissued shares, being an offer made or option acquired pursuant to an employee share scheme of the Company, to be accepted or exercised (as the case may be); and

(b) the number of Shares issued during the previous five years pursuant to the Plan or any other employee share scheme extending only to full time or part time employees or Directors of the Company or of an Associated Company;

but disregarding any offer made, or option acquired or share issued by way of or as a result of an offer:

(c) to a person situated at the time of receipt of the offer outside Australia; or

(d) that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999 (Cth); or

(e) that does not need disclosure to investors because of section 708 of the Corporations Act; or

(f) that does not require the giving of a product disclosure statement (as defined in the Corporations Act) because of section 1012D of the Corporations Act; or

(g) made under a disclosure document or product disclosure statement, must not exceed 5% of the total number of issued Shares as at the time of the Offer.

Options issued only to Employees

No Options may be issued to a person under the Plan unless the person remains an Eligible Participant as at the date of grant of the Option, or the Plan Committee determines otherwise.

Compliance with laws

No Option may be offered or issued to, or exercised by, an Eligible Participant or Participant if to do so would contravene an Applicable Law.

Further conditions

Despite any other provision of the Plan, no Offers may be made:

(a) if Offers are made during a period of 12 months in which the Shares have not been continuously listed for quotation on the financial market operated by ASX, unless the Options are restricted from exercise until the earliest date that Shares have been continuously listed for quotation on the financial market operated by ASX for 12 months; or

(b) unless the Offers are made to Eligible Participants:

(i) outside Australia at the time of receipt of the Offers; or

(ii) who are investors to whom the Offers do not need disclosure because of section 708 of the Corporations Act, and who agree with the Company not to offer for sale any Shares issued on the exercise of the Options the subject of the Offers for a period of 12 months starting on the date of issue of the Shares unless and to the extent the Company otherwise agrees; or

(c) unless and until the Shares have been continuously listed for quotation on ASX or an approved foreign market (within the meaning of the Class Order) for not less than 12 months; or

(d) unless the Options the subject of the Offers are, when issued, issued with disclosure under Part 6D.2 of the Corporations Act; or

(e) unless expressly permitted by ASX or the Corporations Act.

For the purpose of this clause, Shares will be taken to have been 'continuously listed for quotation' on ASX or an approved foreign market for 12 months if the Shares have been quoted on the financial market operated by ASX or the approved foreign market throughout those 12 months without suspension for more than a total of 2 trading days during those 12 months.

Consideration for issue of Options

The monetary consideration (if any) payable by an Eligible Participant on the issue of an Option (after acceptance of the relevant Offer) must not exceed $0.01.

Financial accommodation

Under no circumstances will the Company provide a Participant with financial accommodation for the purpose of or to assist in the Participant's exercise of his or her Options.

Operation of the Plan

The Plan operates according to the Rules, as amended from time to time, which bind the Company and each Participant.

Offers

Subject to these Rules, the Plan Committee may from time to time make an Offer to an Eligible Participant. The Offer must be in writing and, the form of the Offer and any acceptance of the invitation constituted by the Offer must be as approved by the Plan Committee from time to time. The Offer must state or include specified information contained in the Plan.

Exercise Price

Subject to any adjustment under the Plan in respect of participation rights, bonus issues, rights issues, reorganisations of capital and winding up, the exercise price in respect of an Option is as determined by the Plan Committee.

Consideration for Options

Options will be issued for consideration comprising the services that are expected to be provided by an Eligible Participant to or for the benefit of the Company or the Associated Company, but no further monetary or other consideration will be payable in respect of the issue of an Option.

Entitlement to underlying Shares

Subject to the Rules, each Option confers on its holder the entitlement to subscribe for and be issued one fully paid Share at the exercise price.

No quotation of options

The Company will not seek official quotation of any Options.

Vesting dates

Unless otherwise specified in an Offer, the vesting dates applicable to Options the subject of an application form may be set out in the offer. If no vesting dates are set out in the offer, the vesting date is the date of grant.

Shares rank equally

Unless otherwise provided in a notice of exercise, Shares issued on the exercise of Options rank equally with all existing Shares on and from the date of issue in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.

Restriction on disposal of Shares

Subject to applicable laws, the Shares acquired under any exercise of Options under the Plan are subject to restriction on disposal as specified in the Plan.

Powers of the Plan Committee

The Plan Committee has power to:

(a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with the Rules;

(b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;

(c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options issued under the Plan at that time;

(d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any person or persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers;

(e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under the Rules;

(f) administer the Plan in accordance with the Rules as and to the extent provided in the Rules; and

(g) make regulations for the operation of the Plan consistent with the Rules.

Amendment to the Rules

Subject to the Listing Rules, the Board may at any time amend any of the Rules, or waive or modify the application of any of the Rules in relation to a participant.

If a retrospective amendment to be made to the Rules would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the retrospective amendments to the Plan.

10.9 Directors' Interests

The nature and extent of the interest (if any) that the Directors of BrainZ hold, or held at any time during the last 2 years in:

(a) the formation or promotion of BrainZ;

(b) property acquired or to be acquired by BrainZ,

in connection with:

(c) its formation or promotion; or

(d) the Offer,

is set out below.

The amount (if any) that anyone has paid or agreed to pay, or the nature and the value of any benefit anyone has given or agreed to give to a Director of BrainZ, or proposed director of BrainZ:

(a) to induce them to become, or to qualify as, a Director of BrainZ; or

(b) for services provided by a Director,

in connection with:

(c) the formation of BrainZ; or

(d) the Offer,

is set out below.

No Shareholding Qualifications

The Constitution of BrainZ does not require the Directors to hold any Shares in BrainZ as a prerequisite to appointment as a Director.

Remuneration of Directors

(**Non-Executive Directors**) The Board may not exercise the power conferred by section 161 of the Companies Act to authorise any payment of remuneration to Non-Executive Directors in their capacity as such, without the prior approval of shareholders by ordinary resolution, except as provided in accordance with the Constitution. Each such resolution must express the remuneration of Non-Executive Directors as either:

(a) a monetary sum per annum payable to all Non-Executive Directors taken together; or

(b) a monetary sum per annum payable to each person from time to time holding office as a Non-Executive Director.

An amount of A$350,000 has been approved for the purposes of paragraph (a) above. This limit only applies to Non-Executive Directors fees payable in cash. It does not apply to non-cash forms of remuneration such as the value of options and other securities issued to Non-Executive Directors.

If at any time while the approved remuneration of the Non-Executive Directors is expressed in accordance with the process described above, the total number of Non-Executive Directors holding office is increased, the amount of remuneration then payable in accordance with that clause may be increased by the Board (without the approval of shareholders by ordinary resolution) by such an amount as is necessary to enable the Company to pay the additional Non-Executive Director or Non-Executive Directors by way of remuneration a fee not exceeding the average amount then being paid to each of the other Non-Executive Directors (other than the chairperson). The Board shall not exercise its power under this clause of the Constitution unless the Company has received from ASX any waiver necessary under the Listing Rules to allow the Board to exercise that power.

Subject to the Listing Rules, any monetary sum referred to above will be divided among the Non-Executive Directors in such proportion and manner as the Board agrees and, in default of agreement, equally and shall be deemed to accrue from day to day.

Non-Executive Directors may not be paid a commission on or a percentage of profits or operating revenue. If a Non-Executive Director is required to perform services for the Company which in the opinion of the Board, are outside the scope of the ordinary duties of a Director, the Company may pay or provide the Director remuneration determined by the Board which may be either in addition to or instead of the Director's remuneration under the Constitution.

Non-Executive Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of the Board or meetings of shareholders of the Company or otherwise in connection with the Company's business.

The Company may also pay a premium for a contract insuring a person who is or has been a Non-Executive Director against liability incurred by the person as a Director, except in circumstances prohibited by the Companies Act.

Shares may be provided to Non-Executive Directors as part of their remuneration under the Constitution according to the rules of any share plan for the remuneration of Non-Executive Directors that may be introduced by the Company. For the purposes of the Constitution, the value of any Shares provided will be determined according to the rules of the share plan.

(**Executive Directors**) The remuneration of an Executive Director may from time to time be fixed by the Board. The remuneration may be by way of salary or commission or participation in profits or by all or any of these modes but may not be by commission on, or a percentage of, operating revenue.

The Company may reimburse an Executive Director for his or her expenses properly incurred as a Director or in the course of his or her office.

Except in circumstances prohibited by the Companies Act, the Company may pay a premium for a contract insuring a person who is or has been an Executive Director against liability incurred by the person as a Director.

Directors Share and Option Holdings

Set out below are details of the interests of the Directors and their related parties in the securities of BrainZ immediately prior to lodgement of the Prospectus with ASIC and expected to be issued prior to the date the Shares are listed on ASX. Interests include those held directly and indirectly.

Director	Ordinary Shares	Options^
Michael Smith		165,000*
Keith Aitchison	**	125,000
Dr Justin Vaughan		901,115***
Dr James Brown		125,000

* Michael Smith holds 200,000 options to acquire shares in Tru-Test Corporation Ltd (32,849,552 shares on issue).
** Keith Aitchison has an interest in 3,584,672 shares (10.91%) in Tru-Test Corporation Ltd.
*** Of the 901,115 options allocated and proposed to be issued to Dr Justin Vaughan, 360,446 have vested and 540,669 options have been allocated in three equal packages with vesting periods of 31 December 2005, 31 December 2006 and 31 December 2007 respectively. All of these options have an expiry date of 31 December 2009 and an exercise price of A$0.63.
^ The options allocated and proposed to be issued to the three Non-Executive Directors have a two-year vesting period from the time of issue, an expiry date of 31 December 2009 and an exercise price of A$0.63.

The Directors and any existing shareholders may apply for Shares under this Prospectus.

Set out below are details of the interests of the Directors and their related parties in the securities of Tru-Test (issued capital of 32,849,552 shares) immediately prior to lodgement of the Prospectus with ASIC. Interests include those held directly and indirectly.

Director	Ordinary Shares	Options
Michael Smith	-	200,000
Keith Aitchison	1,329,766 (4.05%) held as Trustee (no beneficial ownership) 2,254,906 (6.86%)	-

10.10 Relationship with Tru-Test

BrainZ acquired its business in September 2002 as a result of transactions involving itself and TTCL which is described in section 10.4.3. The acquisition included all intellectual property associated with the BrainZ technology. Following the Offer (assuming $10.0 million is raised), Tru-Test will be a 63% shareholder in the Company. If the Company accepts oversubscriptions up to a maximum of $3.0 million, Tru-Test will be a 56.7% shareholder in the Company.

BrainZ has entered into the following agreements with Tru-Test:

10.10.1 Management and Administrative Services Agreement between BrainZ and Tru-Test

The agreement commenced on 13 September 2003 and expires on 31 August 2006. Under the agreement Tru-Test provides management and administration services to BrainZ. The services provided by Tru-Test under the agreement includes financial and management accounting services, financial management, administration, information services, operations and distribution and staff secondments. The services are provided to BrainZ at specified monthly rates for each of the services provided.

10.10.2 Manufacturing and Service Agreement between BrainZ and Tru-Test

The agreement commenced on 2 April 2004. The scope of the agreement is to identify areas of involvement and allocation of responsibility for BrainZ and Tru-Test business activities that are subject to medical device quality system and regulatory requirements applicable to the design, manufacture and distribution of BrainZ products. The agreement does not provide for any payments to be made by either party in relation to the functions to be undertaken by each of them.

10.10.3 Deed of Sublease between Tru-Test and BrainZ

BrainZ is currently a tenant under an unregistered sublease of premises situated at 25 Carbine Road, Mt Wellington, New Zealand. BrainZ pays arm's length market rent.

The initial term of the sublease expired on 7 September 2005. There is one right of renewal for three years available to the tenant. The Directors believe that alternative premises are available to BrainZ if the right of renewal under the sublease is not exercised.

10.10.4 Insurance arrangements

BrainZ and Tru-Test are jointly-insured under the current insurance policy arrangements with ACE Insurance Limited (except for public liability and products liability insurance under which BrainZ is solely named). After Listing, BrainZ will pay its pro-rata share of the applicable premiums.

10.10.5 Funding arrangements

Tru-Test has agreed to provide interest-free shareholder advances to BrainZ for the period from 30 September 2005 to the date of issue of Shares under this Prospectus. As noted in section 1.3, the Directors expect this shareholder loan to be approximately A$400,000 (with the exception of funds loaned to satisfy the costs of the Issue), which will repaid by BrainZ to Tru-Test with the funds received pursuant to the Offer.

10.11 Interests of professionals, advisers and promoters

The nature and extent of the interests (if any) that:

(a) a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;

(b) a promoter of BrainZ; or

(c) a stockbroker or underwriter (but not a sub-underwriter) to the Issue,

holds, or held at any time during the last 2 years in:

(i) the formation or promotion of BrainZ;

(ii) property acquired or to be acquired by BrainZ in connection with:

(A) its formation or promotion; or

(B) the Offer; or

(iii) the Offer,

is set out below.

The amount that anyone has paid or agreed to pay, or the nature and value of any benefit anyone has given or agreed to give for services provided by:

(a) a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;

(b) a promoter of BrainZ; or

(c) a stockbroker or underwriter (but not a sub-underwriter) to the Issue,

in connection with:

(d) the formation or promotion of BrainZ; or

(e) the Offer,

is set out below.

PKF Corporate Advisory Services (Vic) Pty Ltd - Independent Accountant

PKF Corporate Advisory Services (Vic) Pty Ltd has acted as Independent Accountant to the Offer and has prepared the Independent Accountant's Report contained in section 7. BrainZ has paid or agreed to pay estimated fees of A$25,000 (plus GST and out of pocket expenses) for this work.

James & Wells - Patent Attorney

James & Wells has acted for BrainZ as its patent attorney and has prepared the Patent Attorneys' Report contained in section 8 of the Prospectus. BrainZ has paid or agreed to pay estimated fees of NZ$2,000 (plus out of pocket expenses) for this work. Further amounts may be paid to James & Wells in accordance with its usual time based charge out rates.

Minter Ellison – Australian Lawyers to the Issue

Minter Ellison has acted for BrainZ as its Australian legal adviser in respect of the Issue and has provided Australian legal services to BrainZ in the period prior to the lodgement of the Prospectus. BrainZ has paid or agreed to pay estimated fees of A$95,000 (plus GST and out of pocket expenses) for this work. Further amounts may be paid to Minter Ellison in accordance with its usual time based charge out rates.

Minter Ellison Rudd Watts - New Zealand Lawyers to the Issue

Minter Ellison Rudd Watts has acted for BrainZ as its New Zealand legal adviser in respect of the Issue and has provided New Zealand legal services to BrainZ in the period prior to the lodgement of the Prospectus. BrainZ has paid or agreed to pay estimated fees of NZ$60,000 (plus GST and out of pocket expenses) for this work. Further amounts may be paid to Minter Ellison Rudd Watts in accordance with its usual time based charge out rates.

Computershare Investor Services Pty Limited - Share Registry

Computershare Investor Services Pty Limited has been engaged by BrainZ to maintain its Share Registry. BrainZ has paid or agreed to pay establishment fees for this work.

10.12 Consents to the Inclusion of Information

The following persons have given, and have not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to the inclusion in this Prospectus of the following information in the form and context in which it is respectively included:

PKF Corporate Advisory Services (Vic) Pty Ltd has consented to the inclusion of its Independent Accountants Report in section 7 of the Prospectus.

James & Wells has consented to the inclusion of its Patent Attorney's Report in section 8 of the Prospectus.

Ernst & Young (New Zealand) has consented to the inclusion of references to BrainZ's audited financial statements for the financial years ended 30 August 2003, 2004 and 2005.

Professor Frank Shann (Director of Intensive Care, Royal Children's Hospital, Melbourne), Professor Linda de Vries (Wilhelmina Children's Hospital, Utrecht, Netherlands) and Associate Professor Terrie Inder (Associate Professor in Paediatrics, Director Neonatal Neurology, St Louis Children's Hospital Washington University, St Louis, MO, USA) have consented to the inclusion of their respective quotes in the 'Investment Overview' section of this Prospectus.

ASB Bank Limited has consented to the inclusion of the reference to the exchange rate in section 1.3 of the Prospectus.

10.13 Consents to be Named

The following parties have given and have not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to be named in this Prospectus in the form and context in which they are named:

- Minter Ellison - Australian Lawyers to the Issue
- Minter Ellison Rudd Watts - New Zealand Lawyers to the Issue
- JT Campbell & Co. Pty Ltd - Offer Manager
- PKF Corporate Advisory Services (Vic) Pty Ltd - Independent Accountant
- James & Wells - Patent Attorney
- Computershare Investor Services Pty Limited - Share Registry
- Ernst & Young (New Zealand) - Auditors to the Company
- Oakhill Hamilton Pty Ltd - Local agent of the Company in Australia

10.14 Expenses of the Issue

If the Issue proceeds, the total estimated costs of the Issue, including management commissions and fees, accounting fees, legal fees, lodgement fees, listing fees, fees for other advisers, prospectus design, printing and other miscellaneous expenses (including taxes and other government charges), will be approximately A$1.0 million assuming the minimum subscription is raised (approximately A$1.2 million if the Offer is fully oversubscribed). These fees and expenses are payable out of the proceeds of the Offer.

10.15 Authorisation

This Prospectus is lodged with ASIC by BrainZ Instruments Limited. Each Director has consented to the lodgement of this Prospectus with ASIC.

SECTION 11 - DEFINED TERMS

The following definitions apply throughout this document unless the context requires otherwise.

AASB means the Australian Accounting Standards Board.

Adult ICU means adult intensive care unit.

aEEG means amplitude-integrated EEG.

Algorithm means a mathematical rule or procedure for solving a problem.

Applicant(s) means person(s) who submit(s) a valid Application Form pursuant to this Prospectus.

Application means a valid application for a specified number of Shares under this Prospectus.

Application Form means a form so described accompanying copies of this Prospectus.

Application List means a list of investors who have applied for Shares under the Offer, including broker firm Applicants.

Application Money means the amount required to be submitted with an Application, being the Offer Price multiplied by the number of Shares applied for.

ASD means Automatic Seizure Detection.

ASIC means Australian Securities & Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

ASX means Australian Stock Exchange Limited ABN 98 008 624 691.

Beta-Testing means user testing of software functionality using real data in the real user environment prior to a commercial launch.

Board means the board of Directors.

BrainZ or **Company** means BrainZ Instruments Limited ARBN 116 829 675.

BrainZ Share Option Plan means the BrainZ Share Option Plan, the terms of which are described in section 10.8.

BRM2 or **monitor** means BrainZ's BRM2 brain monitor.

Business Day means a day (other than a Saturday, Sunday or a public holiday) on which banks are open for general banking business in Melbourne.

Cents means Australian cents.

CHESS means the Clearing House Electronic Subregister System operated by ASTC in accordance with the Corporations Act.

Closing Date means 5.00 pm Australian Eastern Daylight Time on 30 November 2005 or such other date as BrainZ may determine.

Companies Act means the Companies Act 1993 of New Zealand.

Computershare or **Share Registry** means Computershare Investor Services Pty Limited ABN 48 078 279 277 of Yarra Falls, 452 Johnston Street, Abbotsford, Victoria Australia 3067.

Constitution means the constitution of BrainZ Instruments Limited.

Corporations Act means the Corporations Act 2001 of Australia.

Directors means the directors of BrainZ.

Dollar or **$** means Australian Dollars.

EEG means electroencephalograph.

Exposure Period means the period of seven days from the date this Prospectus is lodged with ASIC, unless the period is extended by ASIC by up to a further seven days, in which event it means the extended period.

Intellectual Property means ideas, technology or materials that potentially have value and may be protected by copyright, a patent or by maintaining confidentiality.

FDA means the US Food and Drug Administration.

GE Healthcare means Datex-Ohmeda Inc (a wholly owned subsidiary of the General Electric Company).

ICU means intensive care unit.

Issue means the issue of Shares pursuant to this Prospectus.

Issue Date means the date of issue of the Shares comprised in the Offer.

JT Campbell or **Offer Manager** means J.T. Campbell & Co. Pty Limited ABN 57 059 173 330.

Listing means quotation of BrainZ's Shares on ASX.

Listing Rules means the official Listing Rules of the ASX.

MRI means magnetic resonance imaging.

NICUs means Neonatal Intensive Care Units.

Offer means the invitation to investors made in this Prospectus to apply for Shares.

Offer Management Agreement means the agreement dated 2 November 2005 between JT Campbell and BrainZ.

Offer Price means A$0.50 per Share, being the amount payable in respect of each Share issued under this Prospectus.

Official List means the official list of the ASX.

Opening Date means 9.00 am Australian Eastern Daylight Time on 10 November 2005.

Option means an option to acquire by way of issue a Share as set out in sections 10.8 and 10.9.

Patent is a form of intellectual property that provides exclusive rights to the owner if granted and maintained in a particular national jurisdiction.

PICUs means Paediatric Intensive Care Units.

Prospectus means this prospectus dated 2 November 2005 and lodged with ASIC on that date.

Register means the register of members of the Company including any branch register of members located in Australia.

Scientific Advisory Board means the respected experts providing as requested guidance to BrainZ in relation to its research and development program, being as at the date of this Prospectus: Associate Professor Terrie Inder, Professor Peter Gluckman, Associate Professor Chris Williams, and Professor Paul Colditz.

Securities Act means the Securities Act of 1933 (USA).

Share(s) means (a) fully paid ordinary share(s) in the capital of BrainZ.

TGA means the Therapeutic Goods Administration.

Tru-Test means Tru-Test Limited (a company incorporated in New Zealand) of 25 Carbine Rd Mt Wellington, Auckland, New Zealand.

TTCL means Tru-Test Corporation Limited, the parent company of Tru-Test.

UK means the United Kingdom.

USA means the United States of America.

CORPORATE DIRECTORY

DIRECTORS

Michael Smith (Chairman)
Dr. Justin Vaughan (Chief Executive Officer)
Keith Aitchison (Non-Executive Director)
Dr James Brown (Non-Executive Director)

REGISTERED OFFICE

BrainZ Instruments Limited
25 Carbine Rd
Mt Wellington, Auckland
New Zealand

Telephone: +64 9 9788896
Facsimile: +64 9 9788889

www.brainz.com

PRINCIPAL OFFICE IN AUSTRALIA

2/2b Birmingham Avenue
Villawood, New South Wales 2163
Australia

LOCAL AGENT OF THE COMPANY IN AUSTRALIA

Oakhill Hamilton Pty Ltd
35 Hamilton Street
Riverview, New South Wales 2066
Australia

OFFER MANAGER

J.T. Campbell & Co. Pty Ltd
Level 35, 101 Collins Street
Melbourne, Victoria
Australia

Telephone: (03) 9654 8881
Facsimile: (03) 9654 8820

PATENT ATTORNEYS

James & Wells
Level 12, KPMG Centre
85 Alexandra Street,
Hamilton
New Zealand

AUSTRALIAN LAWYERS TO THE ISSUE

Minter Ellison
Level 23, Rialto Towers
525 Collins Street
Melbourne Victoria 3000

Telephone: (03) 8608 2000
Facsimile: (03) 8608 1000
www.minterellison.com

NEW ZEALAND LAWYERS TO THE ISSUE

Minter Ellison Rudd Watts
Level 20
Lumley Centre
88 Shortland Street Auckland
New Zealand

Telephone: +64 9 353 9700
Facsimile: +64 9 353 9701
www.minterellison.co.nz

INDEPENDENT ACCOUNTANTS

PKF Corporate Advisory Services (VIC) Pty Ltd
Level 11, CGU Tower
485 LaTrobe Street
Melbourne Victoria 3000

AUDITORS TO THE COMPANY

Ernst & Young
41 Shortland Street
Auckland
New Zealand

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Australia

BrainZ Instruments Limited

(Incorporated in New Zealand)
ARBN 116 829 675

Offer of fully paid ordinary shares in BrainZ Instruments Limited under a Prospectus dated and lodged with ASIC on 2 November 2005. The expiry date of the Propsectus is 30 November 2006.

Registry Use Only

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

Broker Code | Adviser Code

A **I/we apply for**

Number of Shares in BrainZ Instruments Limited at A$0.50 per Share or such lesser number of Shares which may be allocated to me/us

B **I/we lodge full Application Money**

A$.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter your postal address - Include State and Postcode**

Unit | Street Number | Street Name or PO Box /Other Information

City / Suburb / Town | State | Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours / After Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Cheque details - Make your cheque or bank draft payable to "BrainZ Instruments Limited - Subscription Account"

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus, that this Application Form was included in or accompanied by a copy of the Prospectus or was copied, or directly derived by me/us from such a form and the declarations/statements on the reverse of this Application Form and I/we declare that all details and statements made by me/us from such a form (including the declaration on the reverse of this Application Form) are complete and accurate. I/We agree to be bound by the Constitution of the Company. I/We apply for such number of Shares as may be calculated in accordance with the terms of this Prospectus.

See back of form for completion guidelines

How to complete this form

A Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 4,000 Shares. Applications for greater than 4,000 Shares must be in multiples of 100 Shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS

BrainZ Instruments Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to "BrainZ Instruments Limited - Subscription Account" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian or New Zealand Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in BrainZ Instruments Limited is upon and subject to the terms of the Prospectus and the Constitution of BrainZ Instruments Limited, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

The Prospectus differs from the document lodged with ASIC on 2 November 2005 to the following extent, deleting the words:

1. 'is only making the Offer to Australian investors and' on page 2 under the sub-heading 'Status of BrainZ';
2. 'Australian' on page 9 under the sub-heading 'Broker Firm Offer'; and
3. 'is an Australian citizen or resident in Australia, is located in Australia at the time of such Application and' on page 11 in section 2.8.

Lodgement of Application

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 5.00pm AEDT on 30 November 2005.
Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 8060

OR

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
ABBOTSFORD VIC 3067

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 730 274.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

IPO

BRZF

(This page has been intentionally left blank)

(This page has been intentionally left blank)