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MARCH 2005 QUARTERLY REPORT FOR ENTITIES ADMITTED ON THE BASIS OF COMMITMENTS

Attached is the Montec International Limited ("Montec International" or the "Company") March 2005 quarterly report for entities admitted on the basis of commitments.

Cash Flows related to Operating Activities

The March quarter saw the continued receipt of cash from royalties attributable to sales in Australia. With the new 'Meng Tai' monounsaturated product range now planned for launched in August 2005 through the National Agency Network in China, Qingdao has continued to be resourced during the March quarter on a maintenance basis servicing only existing arrangements with the key hypermarkets. As such, Qingdao cash receipts will lift on the introduction of the multi product 'Meng Tai' range to the market in the coming months.

Staff costs for the current quarter reflect the requirement to both resource the planning phase for the introduction of product through the National Agency Network in China and to a lesser extent maintain key elements of the Qingdao market. Advertising and marketing costs have been directed largely at preparations for the national product launch in China. Research and development expenditure has been incurred in the area of new product initiatives.

Cash outflow associated with other working capital in the current quarter has lifted and relates primarily to prepayments and advances in respect of China operational funding to be applied to aspects of the upcoming national product launch.

Cash Flows related to Financing and Investing Activities

The Company received funding during the current quarter as planned following a share placement agreement entered into with a strategic investor in the December 2004 quarter. The placement funds received are to be applied in funding expansion in China and other initiatives within the Asia Pacific region.

There was minor cash outflow associated with the repayment of an existing lease liability.

The level of cash on hand at the end of the quarter is sufficient to resource Montec's stated commercial objectives.

Ends

For further enquiries:

Terry Cuthbertson	Malcolm Campbell
Chairman	Managing Director
02 9299 0011	02 9299 0011

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

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

Name of entity

Montec International Limited

ABN

62 104 600 544

Quarter ended ("current quarter")

31 March 2005

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from customers	73	336
1.2	Payments for (a) staff costs	(213)	(845)
	(b) advertising and marketing	(114)	(293)
	(c) research and development	(27)	(27)
	(d) leased assets		
	(e) other working capital	(780)	(1,041)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	76	169
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net operating cash flows	**(985)**	**(1,702)**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	(985)	(1,702)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		(5)
	(e) other non-current assets		(18)
1.10	Proceeds from disposal of:		
	(a)businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities		
1.12	Loans repaid by other entities		
1.13	Other (provide details if material)		
	Net investing cash flows		**(23)**
1.14	**Total operating and investing cash flows**	**(985)**	**(1,725)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	1,000	5,868
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings	(17)	(22)
1.19	Dividends paid		
1.20	Other – Capital raising cost	(80)	(234)
	Net financing cash flows	**903**	**5,612**
	Net increase (decrease) in cash held	(82)	3,887
1.21	Cash at beginning of quarter/year to date	6,059	2,090
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	**5,977**	**5,977**

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(234)
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Payment comprises salary and allowance paid to Directors of Montec International Limited.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	95	193
4.2	Deposits at call	5,882	5,866
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	5,977	6,059

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: **Original signed by Nick Geddes** Date: **21 April 2005**
(Company secretary)

Print name: **Nick Geddes**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to

disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

- 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
- 9.2 - itemised disclosure relating to acquisitions
- 9.4 - itemised disclosure relating to disposals
- 12.1(a) - policy for classification of cash items
- 12.3 - disclosure of restrictions on use of cash
- 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.