

**Appendix 4D
Half-Year Report Period Ended 31 December 2013**

Results for announcement to the Market

	Percentage Change	\$
Revenue from ordinary activities	Up 34.2%	to 3,347,494
Loss from ordinary activities after tax	Up 177.7%	to (1,982,363)
Net loss for the period attributable to members	Up 169.5%	to (1,978,722)

Dividends

	Amount per security	Franked Amount
Current period:		
Interim Dividend	NIL	N/A
Date the Dividend is Payable:	N/A	N/A
Record Date for determining entitlements to the Dividend:	N/A	N/A
Prior corresponding period:		
Interim Dividend	NIL	N/A

Net Tangible Assets per Security

As at 31 December 2013	1.98 cents
As at 31 December 2012	1.81 cents

Entities Gained Control over

None

The Group has managed to improve on its revenue by 34.2% as compared to the corresponding period last year. However, the Group recorded a loss from ordinary activities after tax of \$1,982,363 due to the Black & Scholes valuation method on the private placement exercise as tabled during our last Annual General Meeting in November 2013. Based on the Black & Scholes valuation and the requirement of the Australian Accounting Standards, a total of \$2,163,772 has been recognised in the Consolidated Statement Profit and Loss as fair value of warrants issued. Please refer to the Interim Financial Report for further details.

Additional Appendix 4D disclosure requirements can be found in the Holista Colltech Limited Half-Year Report for the period ended 31 December 2013.

The Appendix 4D is based on the Holista Colltech Limited Half-Year Report for the period ended 31 December 2013 which has been reviewed by Grant Thornton Audit Pty Ltd. This should be read in conjunction with the most recent annual Financial Report as at and for the year ended 30 June 2013.

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HOLISTA COLLTECH LIMITED

ABN 24 094 515 992

Interim Financial Report

31 December 2013

This document should be read in conjunction with the Annual Financial Report of Holista CollTech Limited for the year ended 30 June 2013.

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Dato Dr M Rajen	Chairman, Managing Director and Chief Executive Officer
Mr Daniel Joseph O'Connor	Executive Director
Mr Chan Heng Fai	Non Executive Director, appointed 1 July 2013

During this reporting period, the Group has managed to increase its revenue by 34% from \$2.49 million as at December last year to \$3.34 million. However, the Group has recorded a Net Loss for the period of \$1,982,363 after the recognition of \$2,163,772 being the fair value of warrants issued in November 2013 in regards to the private placement exercise.

At the last AGM, the Company has tabled a fund raising exercise via private placement for its marketing activities in USA, Japan and China. This private placement involved the issuance of up to 12 million shares with up to 24 million warrants to be exercised at \$0.06 each to our Non-Executive Director, Mr Chan Heng Fai. Full disclosure of this private placement is made in the Notice of Annual General Meeting which includes the Related Party Transaction, Terms and Conditions and Valuation of the Warrant to Mr Chan Heng Fai.

While the company has weighed all the capital raising options available and the fact that its shares are thinly traded on the ASX, the Board has approved the private placement to be valued at a discounted rate from the market. By using the Black-Scholes option pricing model, the valuation of these warrants is \$2,233,772 as at the grant date on 27 November 2013. Even though the valuation using Black-Scholes option pricing model is non cash in nature, the Australian Accounting Standard AASB2 "Share Based Payment" has required the total value less the fair value of the equity raising cost to be recorded as an expense in the Statement of Profit and Loss and Other Comprehensive Income. This has caused the Group to record a Net Loss for the period of \$1,982,363.

The Group has managed to raise \$700,000 from this exercise and will have up to an additional \$1,400,000 should Mr Chan Heng Fai choose to exercise these warrants in the future. This has put the Group in a healthier cash position and will enable the Group to pursue its marketing activities especially in USA to secure revenue from our patented Food Ingredients patent.

The Group's long term strategy is beginning to show improved operational results but our limitation in raising funds has come at a cost. While such capital raising cost may have adversely affected our Statement of Profit and Loss, the potential from the fund raised in opening up potential new revenue stream will prove worthwhile in the future.

During the financial year, the operations of the Company continued to be streamlined and consolidated for future growth and profitability. We continue implement strict cost control measures in our march to profitability.

The Company remained focused on three (3) key areas:-

- Sheep (ovine) Collagen
- Healthy Food Ingredients
- Dietary supplements

Collagen business

Three (3) key developments occurred within this area:

1) *Cosmetic Collagen (Ovicoll)*

From the completion of the Company's collagen extraction facility in 2005, it has only been utilised to produce small samples of Ovicoll for marketing purposes. From Year 2011 onwards, the Company has managed to reactivate its collagen extraction facility and has since delivered more than 5,000 kilograms of Ovicoll to its customers in Thailand, Taiwan and Vietnam.

2) *Development of liposome and nano collagen*

Collagen is a large molecule that cannot be absorbed. It has great water absorbing capacity and merely sits on the skin and hydrates it. The “holy grail” of cosmetic collagen is to make it small enough to cross the human skin or making it “absorbable” into the skin.

The Company has filed the world’s first nano collagen patent and is now able to demonstrate producing “true nano” collagen particles that can cross the human skin. The Company has also initiated moves to commercialise this product. The company has also been working on liposome collagen that is better absorbed across the skin. Commercial prototypes have also been developed.

3) *Development of “food grade” collagen (Ovinex)*

The Company successfully completed R&D to develop an all “halal” food grade collagen by using a plant based enzymatic protocol that “digests” the intact collagen from sheep skins to develop molecules that are the size of 3 kilo Daltons.

All the early work was done in Malaysia. The final phase of the Research & Development is completed in our plant in Collie, Australia. We are now in the stages of making this a commercial reality by:

- standardizing our production to be viable on scale up
- negotiating contracts for skin supply

Food Ingredients

In this business area, the Group's key focus are:-

1) *Low sodium*

The result from testing done in the University of Western Australia has proven that our low sodium salt prototype with 25% less sodium is indistinguishable from normal salt (sodium chloride). The company are now in product development initiatives with a processed food industry in the United States.

2) *Low fat chip*

Final trials are proceeding in a large commercial producer of potato fries. We are tweaking our intervention to fit to their chip frying process. We work with potential partners in Australia, Netherlands and the United States.

3) *Low Glycemic Index (GI)*

We have demonstrated that our low formulation can reduce the glycemic index of a white bun sold in fast food restaurant to 50, earning it a Low GI tick. These tests were done and validated in the University of Sydney. We are in final stages of testing with a large bread player in Switzerland.

4) *Low sugar*

By working with cane sugar (standard table sugar), sucralose (an extreme sweetener derived from cane sugar and approved by the United States FDA) and a taste balancer, we are able to have a granular sugar that is 5 times sweeter. That means only 1/5 will be needed. Thus, the sugar is only 20% of the calories. This is real sugar. It flows like sugar, tastes like sugar and looks like sugar. This enhanced sugar can be cooked and baked – making it superior to other sweeteners in the market. Most important, it is 20% cheaper than the real sugar.

Dietary Supplements

We have 3 areas of focus:

1) *Malaysia*

This is the core of our business. We continue to consolidate our position in the segments of fish oil, probiotics and a newly launched supplement based on olive juice extract.

2) *ASEAN*

The company is working with its distribution partners to penetrate into ASEAN nations.

3) *Australia and New Zealand*

We have secured 3 exclusive technology based products for this territory that is now in registration with the relevant authorities.

This remains as the Group's core business in terms of revenue and profits. It will likely remain so in the coming year but we are seeing improvement in growth, margins and profitability that would see the overall business better placed in the coming year.

Financial Result

The Group recorded a total comprehensive loss of \$1,978,722 in the six-month period ended 31 December 2013, compared to a total comprehensive loss of \$734,339 for the six-month period ended 31 December 2012. The main reasons for this movement are:

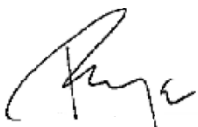
• Increase in turnover	\$853,984
• Decrease in depreciation	\$179,225
• Research & development grant	\$395,523
• Capital raising cost based on Black-Scholes model	\$2,163,772

No interim dividend was paid or declared for the period.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



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Dato Dr M Rajen
CEO
28 February 2014

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**Auditor's Independence Declaration
To The Directors of Holista CollTech Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Holista CollTech Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 28 February 2014

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**CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 December 2013**

	Notes	Consolidated	
		31 December 2013 \$	31 December 2012 \$
Continuing operations			
Revenue		3,347,494	2,493,510
Other income		18,944	40,570
Change in inventories of finished goods and work in progress		63,017	(37,247)
Raw materials and consumables used		(1,157,269)	(807,532)
Employee benefits expense		(1,069,171)	(994,695)
Depreciation and amortisation expense		(83,026)	(262,251)
Finance costs		(199,992)	(156,853)
Fair value of warrants issued		(2,163,772)	-
Other expenses		(1,121,430)	(989,223)
Loss before income tax	2	(2,365,205)	(713,721)
Income tax benefit	3	382,842	-
Net loss for the period		(1,982,363)	(713,721)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		3,641	(20,618)
Total comprehensive income/ (loss) for the period		(1,978,722)	(734,339)
Basic loss per share (cents per share)		(1.52)	(0.55)
Diluted loss per share (cents per share)		(1.52)	(0.55)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2013**

	Notes	Consolidated	
		31 December 2013 \$	30 June 2013 \$
Assets			
Current Assets			
Cash and cash equivalents		2,270,426	3,573,991
Trade and other receivables		1,973,230	1,175,170
Inventories		684,467	617,786
Other current assets		132,533	170,842
Total Current Assets		5,060,656	5,537,789
Non-Current Assets			
Property, plant and equipment		2,295,836	2,376,167
Intangible assets		161,412	189,219
Other financial assets		3,084	3,084
Total Non-Current Assets		2,460,332	2,568,470
Total Assets		7,520,988	8,106,259
Liabilities			
Current Liabilities			
Trade and other payables		753,849	992,266
Borrowings		1,845,097	2,628,885
Other liabilities		122,910	327,025
Total Current Liabilities		2,721,856	3,948,176
Non-Current Liabilities			
Borrowings		1,852,785	2,096,786
Total Non-Current Liabilities		1,852,785	2,096,786
Total Liabilities		4,574,641	6,044,962
Net Assets		2,964,347	2,061,297
Equity			
Issued capital	4	8,596,647	7,966,647
Option reserve		2,233,772	-
Other reserves		(12,281)	(15,922)
Accumulated losses		(7,871,791)	(5,889,428)
Total Equity		2,946,347	2,061,297

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 December 2013**

	Issued Capital	Compound Financial Instrument	Accumulated Losses	Option Reserve	Foreign Currency Translation	Total Equity
	\$	\$	\$		\$	\$
Balance at 1 July 2012	7,554,145		(4,188,728)	-	(57,739)	3,307,678
Loss for the period	-	-	(713,721)	-	-	(713,721)
Exchange differences arising on translation of foreign operations	-	-	-	-	(20,618)	(20,618)
Total comprehensive loss for the period	-	-	(713,721)	-	(20,618)	(734,339)
Shares issued during the half-year	-	-	-	-	-	-
Balance at 31 December 2012	7,554,145	-	(4,902,449)	-	(78,357)	2,573,339
Profit for the period (six months to 30 June 2013)	-	-	(986,979)	-	-	(986,979)
Exchange differences arising on translation of foreign operations	-	-	-	-	62,435	62,435
Convertible notes – value of conversion rights	-	412,502	-	-	-	412,502
Balance at 1 July 2013	7,554,145	412,502	(5,889,428)	-	(15,922)	2,061,297
Profit for the period	-	-	(1,982,363)	-	-	(1,982,363)
Exchange differences arising on translation of foreign operations	-	-	-	-	3,641	3,641
Total comprehensive income for the period	-	-	(1,982,363)	-	3,641	(1,978,722)
Shares issued during the half-year	700,000	-	-	-	-	700,000
Warrants issued	-	-	-	2,233,772	-	2,233,772
Equity raising costs	(70,000)	-	-	-	-	(70,000)
Balance at 31 December 2013	8,184,145	412,502	(7,871,791)	2,233,772	(12,281)	2,946,347

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 December 2013**

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Notes	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	3,659,960	2,606,523
Payments to suppliers and employees	(4,156,208)	(2,175,945)
Finance costs	(139,197)	(156,853)
Interest received	19,312	28,199
Income tax paid	(19,320)	-
Net cash (used in)/ from operating activities	(635,453)	301,924
Cash flows from investing activities		
Payments for property, plant and equipment	(2,300)	(132,929)
Receipt / Payment for intangible assets	(41,000)	47,635
Loan payments made to related parties	(232,840)	-
Net cash used in investing activities	(276,140)	(85,294)
Cash flows from financing activities		
Proceeds from borrowings	-	115,640
Repayment of borrowings	(1,062,837)	(291,394)
Proceeds from issue of shares	700,000	-
Net cash used in financing activities	(362,837)	(175,754)
Net increase/ (decrease) in cash held	(1,274,431)	40,877
Cash and cash equivalents at the beginning of the period	2,864,983	1,219,956
Effects of exchange rate fluctuations on cash held	(3,958)	(2,852)
Cash and cash equivalents at the end of the period	1,594,511	1,257,981

The accompanying notes form part of these financial statements

Reconciliation to Cash Flow Statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows

	31 December 2013	31 December 2012
	\$	\$
Cash and cash equivalents	105,249	31,208
Bank overdraft ¹	(675,915)	(681,215)
Security deposits ²	2,165,177	1,907,988
Cash and cash equivalents as per statement of cash flows	1,594,511	1,257,981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2013

Footnotes:

1. The bank overdraft is recorded on the Consolidated Statement of Financial Position in Borrowings under Current Liabilities.
2. The security deposits are recorded on the Consolidated Statement of Financial Position in Cash and cash equivalents under Current Assets however have been separated here for clarification.

Security deposits are restricted cash. In order to obtain various financing facilities, banks in Malaysia require cash to be deposited if other collateral is not available. These deposits are interest bearing and the interest is compounded and added to the principal

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Holista CollTech Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The interim statements have been approved and authorised for issue by the Board of Directors on the 26th February 2014.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2013.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2013**

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Other Income		
Interest Income	20,270	28,199
Other	(1,326)	12,371
	<u>18,944</u>	<u>40,570</u>

NOTE 3: INCOME TAX BENEFIT

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
<i>The components of tax income comprise:</i>		
Research and development tax incentive	395,523	-
Malaysian company tax	(12,681)	-
	<u>382,842</u>	<u>-</u>

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 December 2013 \$	30 June 2013 \$
141,269,948 Ordinary shares issued and fully paid (30 June 2013: 129,613,821)	8,184,145	7,554,145

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	31 December 2013		30 June 2013	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
At start of period	129,603,281	7,554,145	129,603,281	7,554,145
Issue of shares (note a)	11,666,667	630,000	-	-
At end of period	<u>141,269,948</u>	<u>8,184,145</u>	<u>129,603,281</u>	<u>7,554,145</u>

a) *Shares issued*

On 17 December 2013, the company issued 11,666,667 ordinary shares to non-executive director Dr Chen Hang Fai at \$0.06 each as agreed at the Annual General Meeting held 27 November 2013. As part of raising the capital the company has recorded a \$70,000 transaction cost being a portion of the fair value of attaching warrants. Refer note 9.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2013****NOTE 4: ISSUED CAPITAL (continued)***b) Share options*

The company has previously had an employee share option scheme under which options to subscribe for the Group's shares have been granted to certain executives and other employees. No options have been issued during the year (2013: nil).

NOTE 5: SEGMENT REPORTING**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Types of products and services by segment*(i) Healthy Food ingredients and Food supplements*

The segment organizes contract manufacturing and wholesale of food ingredients and supplements throughout Malaysia. All products produced are aggregated as one reportable segment as the products are similar in nature, manufactured and distributed to a similar type of customers, and subject to a similar regulatory environment.

(ii) Sheep collagen

This operating segment is involved in the manufacture and distribution of cosmetic grade collagen.

Basis of accounting for purposes of reporting by operating segments**(a) Accounting policies adopted**

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

(b) Intersegment transactions

The two segments operate independently and there are no intersegment sales.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrance of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2013**

NOTE 5: SEGMENT REPORTING (continued)

(e) Segment Information

(i) Segment performance

	Food Ingredients & Supplements	Sheep Collagen	Corporate	Total
	\$	\$	\$	\$
31 December 2013				
REVENUE				
External sales	3,288,994	58,500		3,347,494
Interest revenue	-	-	20,270	20,270
Other revenue	(1,326)	-		(1,326)
Total segment revenue	3,287,668	58,500	20,270	3,366,438
Reconciliation of segment revenue to group revenue				
Total group revenue				<u>3,366,438</u>
Segment net profit (loss) from continuing operations before tax	652,939	(158,555)	(2,476,747)	(1,982,363)
Net profit (loss) before tax from continuing operations				<u>(1,982,363)</u>
31 December 2012				
REVENUE				
External sales	2,437,775	55,735	-	2,493,510
Interest revenue	-	-	28,199	28,199
Other revenue	12,371	-	-	12,371
Total segment revenue	2,450,146	55,735	28,199	2,534,080
Total group revenue				<u>2,534,080</u>
Segment net profit from continuing operations before tax	65,317	(94,610)	(684,428)	(713,721)
Net profit (loss) before tax from continuing operations				<u>(713,721)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2013**

NOTE 5: SEGMENT REPORTING (continued)

(ii) Segment assets

	Food Ingredients & Supplements	Sheep Collagen	Total
	\$	\$	\$
31 December 2013			
Segment assets	6,480,145	4,738,799	11,218,944
Segment asset increases for the period:			
– acquisitions			
– disposals	(1,073,239)	(203,949)	(1,277,188)
Intersegment eliminations			(2,420,766)
Total group assets			7,520,990

30 June 2013

Segment assets	7,089,865	3,778,614	10,868,479
Segment asset increases for the period:			
– acquisitions	-	960,185	960,185
– disposals	(609,720)		(609,720)
Intersegment eliminations			(3,112,686)
Total group assets			8,106,258

(iii) Segment liabilities

	Food Ingredients & Supplements	Sheep Collagen	Total
	\$	\$	\$
31 December 2013			
Segment liabilities	3,269,820	1,679,481	4,949,301
Reconciliation of segment liabilities to group liabilities:			
Intersegment eliminations			(374,660)
Total group liabilities			4,574,641

30 June 2013

Segment liabilities	4,650,888	2,455,841	7,106,729
Reconciliation of segment liabilities to group liabilities:			
Intersegment eliminations			(1,061,766)
Total group liabilities			6,044,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2013

NOTE 5: SEGMENT REPORTING (continued)

(iv) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	31 Dec 2013	31 Dec 2012
	\$	\$
Australia	63,098	55,748
Malaysia	3,303,340	2,478,332
Total revenue	<u>3,366,438</u>	<u>2,534,080</u>

(v) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	31 Dec 2013	30 June 2013
	\$	\$
Australia	2,114,082	2,786,283
Malaysia	5,406,906	5,319,976
Total assets	<u>7,520,988</u>	<u>8,106,259</u>

(vi) Major customers

The Group has a number of customers to whom it provides both products and services. Within the Food Ingredients and Supplement segment, the Group supplies to a number of retailers through one single external distributor who account for 86% of total revenue for this segment. The Group supplies to few external customer for the Sheep Collagen segment where the major customer accounts for 89% of revenue for this segment.

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no material events subsequent to reporting date requiring disclosure.

NOTE 8: GOING CONCERN

The Group has reported a net loss for the period of \$1,982,363 and negative cash from operating activities of \$635,453. Its current assets of \$5,060,656 exceed the current liabilities of \$2,721,856.

The cash position of the Group was further enhanced by the issuance of 11,666,667 shares to Hengfai Business Development in December 2013 and proceeds from Research of Development (R&D) grant in Australia. These proceeds are reserved for the continuous R&D and marketing activities for our patented Food Ingredients technology.

This financial report is prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group's ability to generate positive cash flows through its existing business.

The Group has continued to improve on its performance as evidenced by the increase in turnover by 34% as compared to last period. We expect further improvement in revenue during the second half with the planned launching of a few new products in our Health Supplement business.

The Group's recent incorporation of its new subsidiary in United States, Lite Food Inc., is aimed at accelerating the marketing activities in America which has been well known as the home of fast food industries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2013

NOTE 8: GOING CONCERN (continued)

With these positive developments, the Group is confident of generating substantial income to fund the working capital and growth.

However, should sufficient positive cash flows not be generated from existing business and / or funding not be obtained then, there is significant uncertainty whether the Group will continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTE 9: SHARE-BASED PAYMENTS

i) Warrants issued

On 17 December 2013, 23,333,333 warrants were granted to interests associate non-executive director Dr Chen Hang Fai as approved by shareholders at the Annual General Meeting held on the 27 November 2013. The warrants entitle the holder to take up ordinary shares at an exercise price of \$0.06 each. The warrants are exercisable on or before 17 December 2018. The warrants have no vesting conditions, hold no voting rights and are transferable.

	Number	Exercise Price
Warrants outstanding as at 30 June 2013	-	-
Granted	23,333,333	\$0.06
Forfeited	-	-
Exercised	-	-
Expired	-	-
Warrants outstanding as at 31 December 2013	23,333,333	\$0.06
Warrants exercisable as at 31 December 2013	23,333,333	\$0.06

ii) Fair value of warrants

The fair value of the warrants granted during the year to Dr Chen Hang Fai was \$0.09. This value has been calculated using the Black-Scholes option pricing model applying the following inputs;

Market price of shares:	\$0.12
Estimated share price volatility:	81.06%
Risk-free interest rate:	3.36%

A portion of the fair value of the warrants (\$70,000) has been treated as equity raising costs (refer note 4) with the balance being expensed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2013**

NOTE 10: RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties


	Consolidated	
	2013	2012
	\$	\$
<i>Non-executive director</i>		
Dr Chen Hang Fai - placement (note 4)	700,000	-
Fair value of warrants issued - expense portion (note 9)	2,163,772	-
Fair value of warrants issued - equity raising costs (note 9)	70,000	-
	<u>2,233,772</u>	<u>-</u>

DIRECTORS' DECLARATION

In the opinion of the directors of Holista CollTech Limited ('the company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Dato Dr M Rajen
CEO

28 February 2014

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Independent Auditor's Review Report To the Members of Holista CollTech Limited

We have reviewed the accompanying half-year financial report of Holista CollTech Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Holista CollTech Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Holista CollTech Limited consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Holista CollTech Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Holista CollTech Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualification to the audit conclusion expressed above, attention is drawn to the following matter. As a result of matters in Note 8 in the half year financial report which indicates that the Company incurred a net loss of \$1,982,363 and negative cash from operating activities of \$635,453 during the half year ended 31st December 2013. These conditions, along with other matters as set forth in Note 8, indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 28 February 2014

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