

**Appendix 4D
Half-Year Report Period Ended 31 December 2014**

Results for announcement to the Market

	Percentage Change	\$
Revenue from ordinary activities	Down 13.5%	to 2,895,593
Loss from ordinary activities after tax	Down 71.2%	to (570,611)
Net loss for the period attributable to members	Down 75.0%	to (495,980)

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 2014	1.13 cents
As at 31 December 2013	1.98 cents

Entities Gained Control over

None

The Group recorded a total comprehensive loss of \$528,301 in the six-month period ended 31 December 2014, compared to a total comprehensive loss of \$1,978,722 for the six-month period ended 31 December 2013. As explained in our last Annual Report, the substantial loss during the six month period ended 31 December 2013 are caused by the capital raising cost based on the Black-Scholes model. 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 2014.

The Appendix 4D is based on the Holista Colltech Limited Half-Year Report for the period ended 31 December 2014 which has been reviewed by Stantons International. This should be read in conjunction with the most recent annual Financial Report as at and for the year ended 30 June 2014.

HOLISTA COLLTECH LIMITED

ABN 24 094 515 992

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

This document should be read in conjunction with the Annual Financial Report of Holista CollTech Limited for the year ended 30 June 2014.

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2014. 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 and Chief Executive Officer
Mr Daniel Joseph O'Connor	Non-Executive Director
Mr Chan Heng Fai	Non-Executive Director

During this reporting period, the Group has seen a decrease in revenue by \$451,901 from \$3.348 million as at December last year to \$2.896 million.

Review of Operations

During the financial year, the Group remained focused on its three core areas:-

- Dietary Supplements
- Sheep Collagen (Ovine)
- Healthy Food Ingredients

Dietary Supplements

This remains as the Group's main income contributor during the period. These Dietary Supplements are mainly distributed in all leading pharmacies in Malaysia and Singapore. Market conditions in Malaysia continue to be challenging during the past six months due to the impact on customers purchasing power caused by inflation, systematic removal of subsidies on essential goods by the Government of Malaysia and recently, the impending introduction of Goods and Services Tax (GST) in April 2015.

This has caused the revenue in this area to decrease by 17.4% compared to last year. The company however has successfully launched two new products in Malaysia to increase its market presence in the dietary supplement market.

As the challenging market conditions in Malaysia are expected to remain for the next year, the Group will have to be more innovative and aggressive in our approach to the market. The Group will continue to source more new potential products to be launched each year. Several product registrations are now expected in the first quarter of the 2015 calendar year and expected to be launched in second quarter of 2015 calendar year, which will be line extensions to existing established brands and entry into new potentially large markets and high growth areas.

Concurrently, we are now working to tap into the booming local and regional multi-level marketing business with our ingredient range. Most importantly, we are working on collaborations with new and potential multi-level marketing companies where we will be the exclusive supply partner for our value added ingredients and formulations.

Sheep Collagen (Ovine)

Since the incorporation of CollTech Australia ("CAU"), cosmetic grade collagen has always been the main focus. The Company has managed to deliver 2,346kg of its cosmetic grade collagen during this reporting period which represents an encouraging growth of 120% over the same reporting period last year.

While this increase is encouraging, there is a growing aversion to applying animal derived products on the skin in the Western world. This trend is also now slowly emerging in Asia with the potential to adversely affect the animal derived cosmetic collagen industry in the future.

We have responded in three ways to better exploit our unique ovine collagen patent:

- 1) *Innovation in cosmetic collagen patent making it more desirable;*
We have initiated the development of liposome collagen by working with a European partner. Current collagen formulations now basically sit on the skin and pull water with their structure. This allows it to have the moistening effect on the users. We are now working to enable the molecule to penetrate the skin but not to enter the blood stream. To this end, we expect to have working prototypes by the second quarter of the 2015 calendar year.
- 2) *Sell into our existing cosmetic collagen customers with better products ;*
We have several innovative products that will be introduced to our pipeline during the 2015 calendar year.
- 3) *Develop food grade collagen;*
Most significantly, the company has completed its research and development for its food grade collagen formulation focusing on yield and quality. The Company is targeting to produce samples in large scale in the first quarter of the 2015 calendar year. This will open up new opportunities for the Company's collagen business. This is a far bigger and growing market especially in North Asia where collagen forms an integral part of traditional Chinese medicine.

Rather than sell 1 gram per 100 gram tube per month as a cosmetic, we will now be selling 150 grams per month (5 grams per day for a month) based on the ratio of per user basis. This represents a significant increase in our collagen production plant and workflow processes will need to be upgraded. This has started to happen in the past six months and will be completed by the first quarter of the 2015 calendar year.

Healthy Food Ingredients

The Group's key focuses are:-

- *Low Sodium Salt*
We now have prototypes that are 40% less sodium. This is now being evaluated by two large food multi-national companies.
- *Low Fat Chip*
In August 2014, we managed to prove that our formulation can reduce the fat pulled into the fries in the frying process by up to 25% at the Rutgers Food Innovation Center – one of the top food testing centers in the world. We have completed another test in a commercial setting with the leading European potato producer that also posted similar results. This has re-ignited our effort to commercialise this patent in Australia in 2015.
- *Low Glycemic Index (“GI”)*
We have started working with a concept creator in the food industry in the United States (www.foodcom.com) that has a proven track record of providing solutions to the biggest and most reputable players; among them Starbucks, Coca Cola and Dr. Atkins. They have chosen our low GI Bread patent to penetrate the US bread industry worth USD2 billion. Over the last six months, the Group has managed to develop low GI prototypes of bread, muffin and cookies – all standalone billion dollar categories in the United States. Final testing with a leading GI testing outfit in North America is now pending.
- *Low Sugar*
There is interest in our low calorie sugar/ sucralose combination with a US based coffee chain. We are in the midst of working with their R&D team.

Financial Result

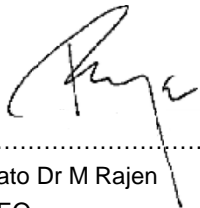
The Group recorded a total comprehensive loss of \$528,301 in the six-month period ended 31 December 2014, compared to a total comprehensive loss of \$1,978,722 for the six-month period ended 31 December 2013. As explained in our last Annual Report, the substantial loss during the six month period ended 31 December 2013 are caused by the capital raising cost which is a non-cash change.

No interim dividend was paid or declared for the period.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Stantons International, 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 2014.

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.



.....
Dato Dr M Rajen
CEO
25th February 2015

25 February 2015

Board of Directors
Holista CollTech Limited
Level 4, 66 Kings Park Road
West Perth, WA 6005

Dear Directors

RE: HOLISTA COLLTECH LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Holista CollTech Limited.

As the Audit Director for the review of the financial statements of Holista CollTech Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 December 2014

	Notes	31 December 2014 \$	31 December 2013 \$
Revenue from continuing operations		2,895,593	3,347,494
Other income		31,913	18,944
Change in inventories of finished goods and work in progress		(17,652)	63,017
Raw materials and consumables used		(913,836)	(1,157,269)
Employee benefits expense		(1,151,462)	(1,069,171)
Depreciation and amortisation expense		(110,020)	(83,026)
Finance costs		(93,308)	(199,992)
Share based payments		-	(2,163,772)
Other expenses		(1,158,591)	(1,121,430)
(Loss) before income tax expense		(517,363)	(2,365,205)
Income tax (expense)/ benefit		(53,248)	382,842
(Loss) after tax from continuing operations		(570,611)	(1,982,363)
(Loss) for the period		(570,611)	(1,982,363)
Other comprehensive income			
Exchange differences on translation of foreign operations		42,310	3,641
Total comprehensive (loss) for the period		(528,301)	(1,978,722)
(Loss) attributable to :-			
Owners of the parent		(495,980)	(1,982,363)
Non-controlling interest		(74,631)	-
		(570,611)	(1,982,363)
Total comprehensive (loss) attributable to :-			
Owners of the parent		(443,621)	(1,982,363)
Non-controlling interest		(84,680)	-
		(528,301)	(1,982,363)
Basic loss per share (cents per share)		(0.34)	(1.52)
Diluted loss per share (cents per share)		(0.34)	(1.52)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2014**

	Notes	31 December 2014 \$	30 June 2014 \$
Current Assets			
Cash and cash equivalents	3	539,271	1,511,648
Trade and other receivables		1,213,983	1,225,409
Inventories		713,895	695,700
Other current assets		264,201	186,673
Total Current Assets		2,731,350	3,619,430
Non-Current Assets			
Property, plant and equipment		1,424,966	1,374,843
Intangible assets		82,365	188,921
Other financial assets		21,573	23,585
Deferred tax asset		-	36,802
Total Non-Current Assets		1,528,904	1,624,151
Total Assets		4,260,254	5,243,581
Current Liabilities			
Trade and other payables		932,754	637,410
Borrowings	4	300,723	1,101,023
Other liabilities		59,755	69,162
Total Current Liabilities		1,293,232	1,807,595
Non-Current Liabilities			
Borrowings	4	1,138,375	1,906,594
Total Non-Current Liabilities		1,138,375	1,906,594
Total Liabilities		2,431,607	3,714,189
Net Assets		1,828,647	1,529,392
Equity			
Issued capital	5	9,424,203	8,596,647
Reserves		2,253,923	2,201,564
Accumulated profits/ (losses)		(9,666,230)	(9,170,250)
Total parent entity interest		2,011,896	1,627,961
Non-controlling interest		(183,249)	(98,569)
Total Equity		1,828,647	1,529,392

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 December 2014**

	Issued Capital	Compound Financial Instrument	Accumulated Losses	Option Reserve	Foreign Currency Translation	Non- controlling interest	Total Equity
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2013	7,554,145	412,502	(5,889,428)	-	(15,922)	-	2,061,297
(Loss) for the period	-		(1,982,363)	-	-	-	(1,982,363)
Exchange differences arising on translation of foreign operations	-		-	-	3,641	-	3,641
Total comprehensive loss for the period	-		(1,982,363)	-	3,641	-	(1,978,722)
Shares issued during the half-year	700,000	-	-		-	-	700,000
Options 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
Balance at 1 July 2014	8,184,145	412,502	(9,170,250)	2,242,994	(41,430)	(98,569)	1,529,392
(Loss) for the period	-	-	(495,980)	-	-	(74,631)	(570,611)
Exchange differences arising on translation of foreign operations	-	-	-	-	52,359	(10,049)	42,310
Total comprehensive income for the period	-	-	(495,980)	-	52,359	(84,680)	(528,301)
Shares issued during the half-year	1,102,557	(275,001)	-	-	-		827,556
Balance at 31 December 2014	9,286,702	137,501	(9,666,230)	2,242,994	10,929	(183,249)	1,828,647

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 December 2014**

	Consolidated	
	31 December 2014 \$	31 December 2013 \$
Notes		
Cash flows from operating activities		
Receipts from customers	2,797,137	3,659,960
Payments to suppliers and employees	(2,899,942)	(4,156,208)
Interest received	10,338	19,312
Finance costs	(48,573)	(139,197)
Net income tax received/ (paid)	4,324	(19,320)
Net cash used in operating activities	(136,716)	(635,453)
Cash flows from investing activities		
Purchase of property, plant and equipment	(109,284)	(2,300)
Purchase of intellectual property	(24,044)	(41,000)
Loan repayments received from/ (paid to) related parties	-	(232,840)
Net cash used in investing activities	(133,328)	(276,140)
Cash flows from financing activities		
Proceeds from related party	29,651	-
Repayment of borrowings	(594,496)	(1,062,837)
Proceeds from issue of shares	-	700,000
Net cash used in financing activities	(564,845)	(362,837)
Net decrease in cash and cash equivalents	(810,845)	(1,274,431)
Cash and cash equivalents at the beginning of the period	3 1,326,478	2,864,983
Effects of exchange rate fluctuations on cash held	23,638	3,959
Cash and cash equivalents at the end of the period	539,271	1,594,511

The accompanying notes form part of these financial statements

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2014****NOTE 1: REPORTING ENTITY**

Holista CollTech Limited is a company domiciled in Australia. The Company's registered address is Level 4, 66 Kings Park Road, West Perth, WA 6005. The consolidated financial statements of the Group for the half year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities"). The Group is a for-profit entity and primarily involved in development and commercialisation of food ingredients and ovine collagen.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

These half year consolidated financial statements are general purpose financial statements, 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'.

The half year financial statements have 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 half-year financial statements, the half year has been treated as a discrete reporting period.

The half year financial statements do 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 the half year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 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 half year financial statements have been approved and authorised for issue by the Board of Directors on the 25th February 2015.

Significant accounting policies

The accounting policies adopted in the preparation of the half year financial statements are consistent with those adopted and disclose in the company's 2014 annual financial report.

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 2014. 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.

Going concern

The Group has reported a net loss for the period of \$570,611, negative cash from operating activities of \$136,716 and working capital of \$1,438,118. Post period end the company received a \$288,831 research and development tax incentive rebate.

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 and/or raising of further equity.

The Group's cosmetic collagen business has continued to improve by generating revenue of \$122,715 (31 December 2013:\$58,500) from its Collagen Plant in Perth, Western Australia. This contributes to only 15% of the plant capacity and will have additional capacity when required. The plant is currently working on producing samples of food grade

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 December 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

collagen to be distributed to potential customers in Asia and Europe. This food grade collagen is expected to contribute positively to the Group's revenue in 2015 financial year. We are also developing liposome collagen.

For Healthy Food Ingredients, most of the research and development requested by potential customers in the United States has been completed. We are currently in the advanced stage of negotiation with customers in Australia, Europe and North America and expect positive contributions during the year.

The Group has the option to raise additional funds from financial instruments such as options currently on issue as and when required. This option will be considered when the Group require additional funding to expand its plant capacity and/or when new business prospects are identified.

The Group is confident that its existing business revenues will continue to improve, but does realise the risk should the Company fail to generate sufficient positive cash flows and/or obtain funding when required.

NOTE 3: CASH AND CASH EQUIVALENTS

Current	31 December 2014 \$	30 June 2014 \$
Cash at bank and on hand (i)	112,762	181,060
Restricted security deposits (ii)	426,509	1,330,588
	539,271	1,511,648

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) 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.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, 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:

Cash and cash equivalents	112,762	181,060
Bank overdraft	-	(185,171)
Security deposits	426,509	1,330,588
Cash and cash equivalents as per statement of cash flows	539,271	1,326,477

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2014**

NOTE 4: BORROWINGS

Borrowings shown in the Statement of Financial Position relate to borrowings through the Malaysia Companies, National Australia Bank and convertible loan note holders are listed as follows:

	31 December 2014	30 June 2014
	\$	\$
Current		
Bankers acceptance	169,539	627,914
Bank overdraft	-	185,171
Credit card	(4,984)	(280)
Financial leases	101,531	255,121
Term loan	34,637	33,097
Total Current	<u>300,723</u>	<u>1,101,023</u>
Non-Current		
After 1 year but not later than 5 years		
Term loans	164,318	151,559
Financial leases	60,284	55,797
Convertible notes (a)	426,269	1,209,088
	<u>650,871</u>	<u>1,416,444</u>
After 5 years		
Term loans	464,904	460,998
Financial leases	22,600	29,152
	<u>487,504</u>	<u>490,150</u>
Total Non-Current	<u>1,138,375</u>	<u>1,906,594</u>

(a) On 24 September 2014, the company agreed to convert \$1,000,000 of a convertible note to ordinary shares. The net present value of the notes at the time of conversion was \$787,789.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2014**

NOTE 5: ISSUED CAPITAL

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
154,001,549 Ordinary shares issued and fully paid (30 June 2014: 141,269,948)	9,286,702	8,184,145
500,000 Convertible notes – value of conversion rights (30 June 2014: 1,500,000)	137,501	412,502
	<u>9,424,203</u>	<u>8,596,647</u>

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

	31 December 2014		30 June 2014	
	No.	\$	No.	\$
Balance at the beginning of the reporting period	141,269,948	8,184,145	129,603,281	7,554,145
Shares issued during the reporting period;				
- 16 December 2013	-	-	11,666,667	700,000
- 24 September 2014	12,731,601	1,102,557	-	-
- Share issue costs	-	-	-	(70,000)
At end of period	<u>154,001,549</u>	<u>9,286,702</u>	<u>141,269,948</u>	<u>8,184,145</u>

a) Shares issued

On 24 September 2014, the company agreed to convert \$1,000,000 (plus \$18,528 accrued interest) of a convertible note to ordinary shares, issued to non-executive director Dr Chen Hang Fai at \$0.08.

NOTE 6: 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) Supplements

This operating segment is involved in the manufacture and wholesale distribution of dietary supplements.

(ii) Sheep collagen

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

(ii) Food ingredients

This operating segment is involved in the manufacture and wholesale distribution of healthy food ingredients.

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.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2014**

NOTE 6: SEGMENT REPORTING (continued)

(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.

(e) Segment Information

(i) Segment performance

	Supplements	Sheep Collagen	Food Ingredients	Corporate	Total
	\$	\$	\$	\$	\$
31 December 2014					
REVENUE					
External sales	2,772,878	122,715	-	-	2,895,593
Interest revenue	-	-	-	10,338	10,338
Other revenue	-	-	-	21,575	21,575
Total segment revenue	2,772,878	122,715	-	31,913	2,927,506
Reconciliation of segment revenue to group revenue					
Total group revenue					<u>2,927,506</u>
Segment net loss from continuing operations after tax	346,029	(143,718)	(344,749)	(428,173)	(570,611)
Net (loss) after tax from continuing operations					<u>(570,611)</u>
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
Total group revenue					<u>3,366,438</u>
Segment net profit from continuing operations after tax	652,939	(158,555)		(2,476,747)	(1,982,363)
Net (loss) after tax from continuing operations					<u>(1,982,363)</u>

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2014**

NOTE 6: SEGMENT REPORTING (continued)

(ii) Segment assets

	Supplements	Sheep Collagen	Food Ingredient	Total
	\$	\$	\$	\$
31 December 2014				
Segment assets	4,323,830	3,001,753	1,185	7,326,768
Reconciliation of segment assets to Group assets:				
Intersegment eliminations				(3,066,514)
Total Group assets				<u><u>4,260,254</u></u>
30 June 2014				
Segment assets	4,720,993	3,086,399	3,638	7,811,030
Reconciliation of segment assets to Group assets:				
Intersegment eliminations				(2,567,449)
Total Group assets				<u><u>5,243,581</u></u>

(iii) Segment liabilities

	Supplements	Sheep Collagen	Food Ingredients	Total
	\$	\$	\$	\$
31 December 2014				
Segment liabilities	1,783,296	956,688	705,992	3,445,976
Reconciliation of segment liabilities to Group liabilities:				
Intersegment eliminations				(1,014,369)
Total Group liabilities				<u><u>2,431,607</u></u>
30 June 2014				
Segment liabilities	2,379,280	1,540,819	349,644	4,269,743
Reconciliation of segment liabilities to Group liabilities:				
Intersegment eliminations				(555,554)
Total Group liabilities				<u><u>3,714,189</u></u>

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2014**

NOTE 6: 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 2014	31 Dec 2013
	\$	\$
Australia	123,706	63,098
Malaysia	2,803,800	3,303,340
United States	-	-
Total revenue	<u>2,927,506</u>	<u>3,366,438</u>

(v) Assets by geographical region

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

	31 Dec 2014	30 June 2014
	\$	\$
Australia	447,180	783,497
Malaysia	3,811,889	4,456,401
United States	1,185	3,683
Total assets	<u>4,260,254</u>	<u>5,243,581</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 83% of total revenue for this segment. The Group supplies to a few external customers for the Sheep Collagen segment, where the major customer accounts for 99% of revenue for this segment

NOTE 7: CONTINGENT LIABILITIES

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

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

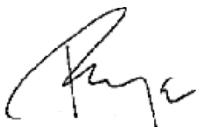
On the 14th January 2015 the company received its research and development tax incentive rebate of \$288,831.

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 2014 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

25th February 2015

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
HOLISTA COLLTECH LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Holista CollTech Limited, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Holista CollTech Limited, (the consolidated entity). The consolidated entity comprises both Holista CollTech Limited, (the Company) and the entities it controlled 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control 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 half-year financial report based on our review. We conducted our review in accordance with 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 consolidated entity's financial position as at 31 December 2014 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.

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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Holista CollTech Limited, on 25 February 2015

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 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001. *Emphasis of Matter Regarding Going Concern*

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As referred to in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. At 31 December 2014 the consolidated entity had cash and cash equivalents totalling \$539,271 (including restricted cash of \$426,509), working capital of \$1,438,118 and has incurred a loss before tax for the year of \$517,363. The ability of the Company and consolidated entity to continue as going concerns is subject to the future profitability of the Company and consolidated entity. In the event that the consolidated entity is not successful in returning to profitability, the Company and its subsidiaries may not be able to meet their liabilities as and when they fall due and the realisable value of the Company's and its subsidiaries assets may be significantly less than book values.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International



Samir Tirodkar
Director

West Perth, Western Australia
25 February 2015