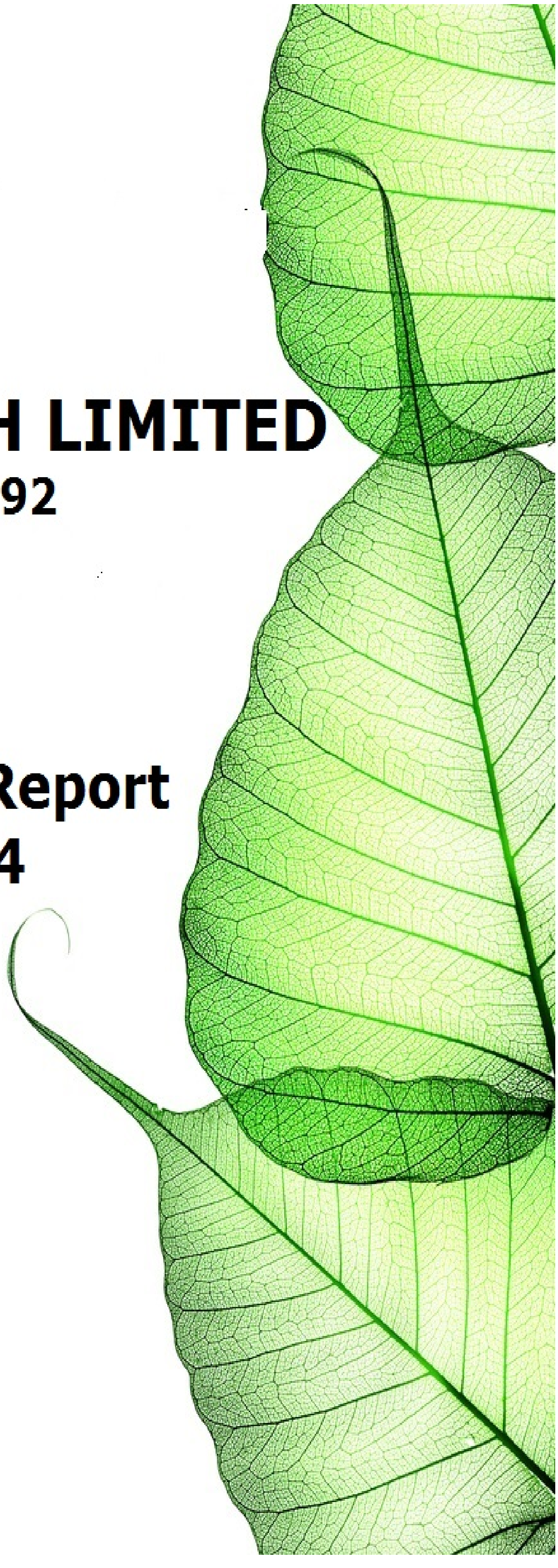
HOLISTA COLLTECH LIMITED

ABN 24 094 515 992

Annual Financial Report
30 June 2014



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CORPORATE INFORMATION

ABN 24 094 515 992

Directors
Dato' Dr M Rajendran, Managing Director and Chief Executive Officer
Mr Daniel Joseph O'Connor, Non Executive Director
Mr Chan Heng Fai, Non Executive Director

Chief financial officer

Mr Kong Hon Khien

Company secretary

Mr Jay Stephenson

Registered office

Holista CollTech Limited
ABN 24 094 515 992
Level 4, 66 Kings Park Road, West Perth, WA 6005
Telephone: (+618) 6141 3500
Facsimile: (+618) 6141 3599

Share register

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace, Perth WA 6000
Telephone: (+618) 9323 2000
Facsimile: (+618) 9323 2033

Bankers

National Australia Bank
100 St Georges Terrace, Perth WA 6000

Auditors

Stantons International Audit and Consulting Pty Ltd
Level 2, 1 Walker Avenue West Perth WA 6005

Stock Exchange

Australian Securities Exchange (ASX)

ASX Code: HCT

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2014.

Principal Activities

The principal activities of the entities within the consolidated Group during the year involve the production and sale of high-grade sheep collagen and other biomaterials from animal sources in Australia. Its subsidiaries in Malaysia are principally engaged in importing, exporting, branding, trading, marketing, retailing and wholesaling of Dietary Supplements and ingredients.

Review of Operations

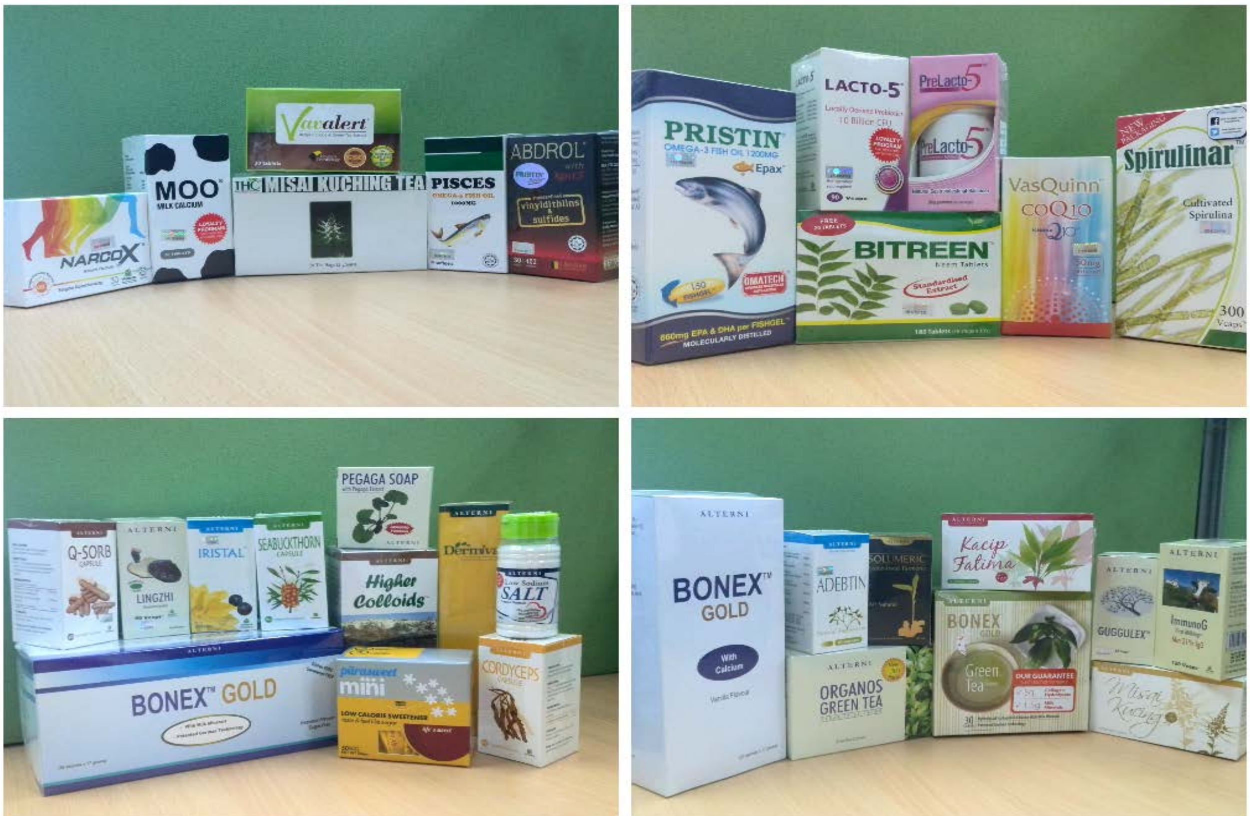
During the financial year, the Group remained focused on its three (3) core areas:-

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

Dietary Supplements

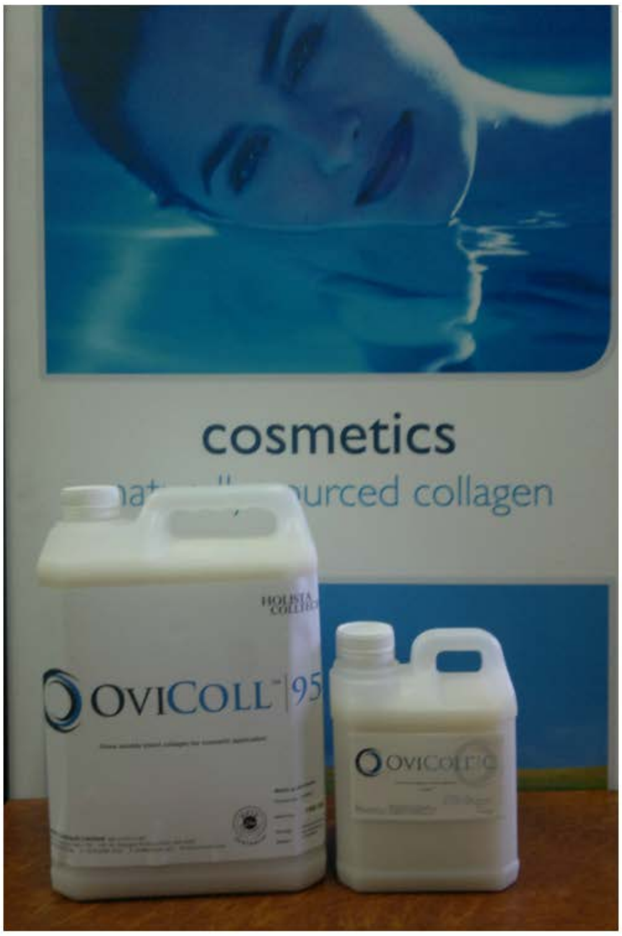
This remains as the Group's main income contributor during the year. Its revenue continues to grow despite challenging market condition faced by the subsidiaries in Malaysia. Market conditions in Malaysia have changed during the past 12 months due to tighter financial spending caused by inflation and the systematic removal of subsidies on essential goods by the Government of Malaysia. However, customers remain loyal to the Company's dietary supplements despite a growing number of competitors in not only the intense pharmacy business but also with the multi-level business.

Revenue in this area has increased by 12% compared to last year. The company has also successfully launched five (5) new products in Malaysia to increase its market presence in the dietary supplement market. The Group will continue to source for more new potential products to be launched each year.



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 2,095kg of its cosmetic grade collagen during this reporting year.

While the company continues to seek new potential customers in the Asia Pacific region, it continues to spend on research and development for its food grade collagen formulation focusing on yield and quality. The Company is targeting to produce samples in large scale by the end of 2014. This will open up new opportunities for the Company's collagen business. One of the subsidiary's dietary supplements in Malaysia consumed an average of 2,500kg of food grade bovine (cow) collagen. The Group is excited by the prospect of replacing this bovine collagen with our very own patented ovine (sheep) collagen.



Healthy Food Ingredients
The Group's key focuses are:-

- Low Sodium Salt
- Low Fat Chip
- Low Glycemic Index ("GI")
- Low Sugar

During the year, we have incorporated Litefood Inc. ("Litefood") in the United States to focus on the commercialisation of our Healthy Food Ingredients formulation. The United States is well known to be the home of large fast food chains and by being close to the market it will present opportunities for the Group to generate income from this area in the near future. (www.litefoodsinc.com).

Litefood is 74% owned by the Group with the remaining 26% being held by private shareholders including our director Mr. Chan Heng Fai.

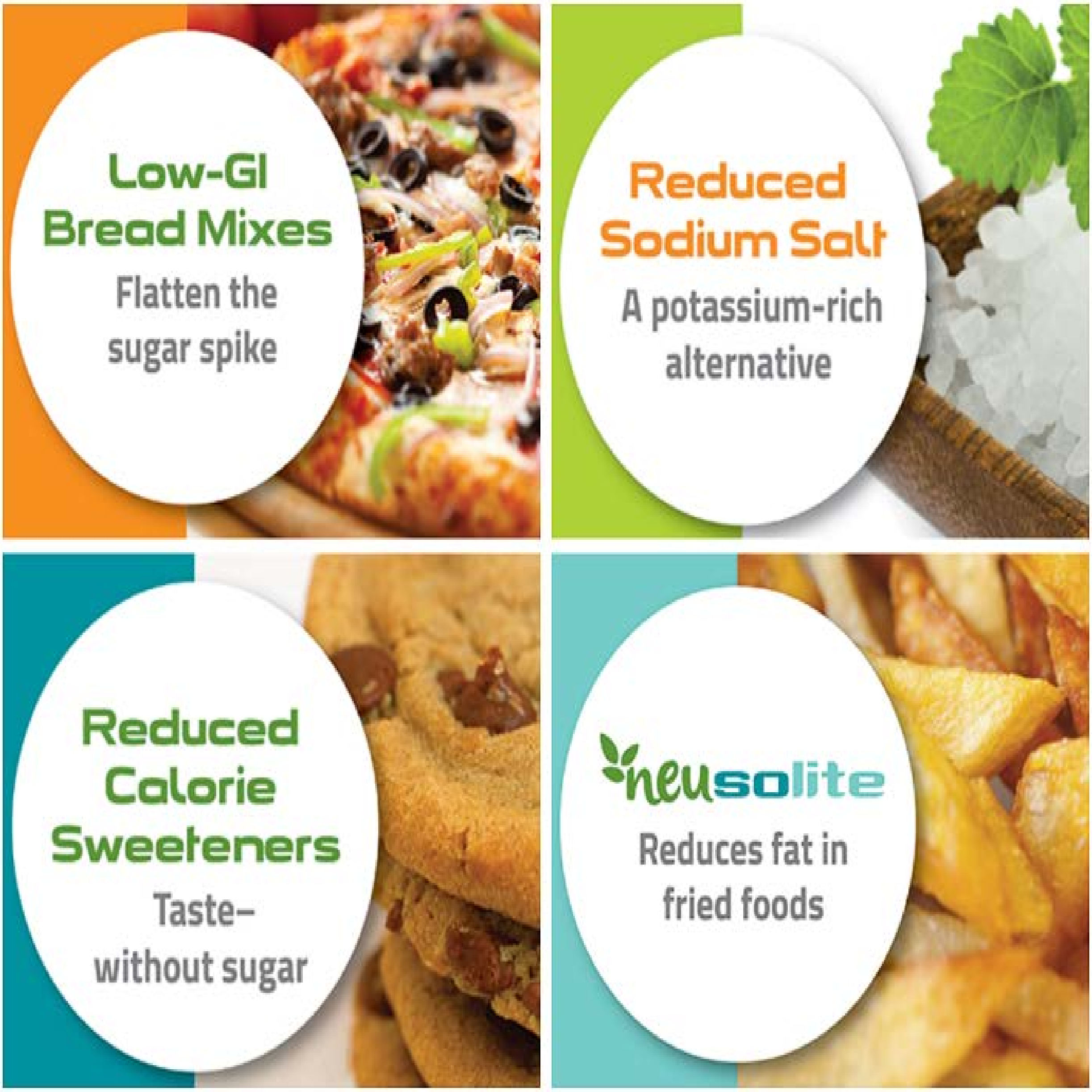
DIRECTORS' REPORT (continued)

In order to support the marketing activities of Litefood, the Group has raised $700,000 during this reporting year by issuing 11,666,667 ordinary shares with 23,333,333 warrants (expiring on 17 December 2018). These warrants have an exercise price of $0.06 each which will enable the Group to raise additional cash of up to $1,400,000 to finance the Group's business when required.

In June 2014, Litefood participated in the 2014 IFT Food Expo which was held in New Orleans, USA. Litefood has managed to showcase the Group's patented Healthy Food Ingredients formulation and has attracted interest from some large organisations.

We have since 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.



DIRECTORS' REPORT (continued)

Operating results for the year

The Group has recorded 17.5% increase in sales revenue from $5,199,005 to $6,178,404 mainly from the Dietary Supplements and Sheep Collagen. Total comprehensive loss for the year of $3,405,174 is mainly due to :-

• Fair Value of warrants using Black & Scholes Model	$2,163,772
• Impairment of Collie Plant	$927,287
• Marketing activities in USA	$324,194

For the past two financial years, revenue generated from our cosmetic grade sheep collagen has been around $110,000 per year. This is an improvement as compared to zero revenue prior to the reverse takeover in Year 2009. This collagen is produced from our collagen extraction plant in Collie, Australia. Cosmetic collagen is expected to contribute steady income to the Group based on secured sales order from German giant Behn Meyer and American Corporation, Connell Bros. However, based on our prudent estimation, we do not expect any significant growth from cosmetic collagen category. Due to this the Group has decided to impair the entire cost of its Collie Plant during this reporting year.

While world cosmetic collagen is likely to decline over the years, food grade collagen is expected to grow over the years. Also, when it comes to food grade collagen, some of the benefits of the Company's ovine collagen become very obvious:

- Free of cultural and religious issues (compared to pig and cow sources)
- Australia is the only nation certified to have sheep that is disease free
- Warm blooded source (compared to fish)

Based on the above, the Group is optimistic that its new Food Grade Collagen will be ready for commercialisation in the next 12 months. From reliable market research, the recommended minimum dosage for food grade collagen is 5gm a day (equivalent to 150gm a month). Compare this against 1gm of cosmetic collagen per bottle, Food Grade Collagen will be expected to provide the Group with much higher return in the future.

The Group's Dietary supplements business is targeted to continue its uptrend growth in the coming financial year. The positive development in both the Healthy Food Ingredients in the United States and Food Grade Collagen in Australia will be seen as the game changer for the Group in this coming financial year.

Financial Position

The Group's net assets decreased during the year by $531,905 to $1,529,392 with revenue and proceeds from the sale of assets being principal contributors to the funding of the Company's operations for the year.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 June 2014 other than disclosed elsewhere in this Annual Report.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Significant events after balance date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental legislation

Holista CollTech Limited has operated under environmental licence 7998/1 issued by the Western Australian Department

DIRECTORS' REPORT (continued)

of Environment as prescribed under the Environmental Protection Act 1986. The licence relates to collagen extraction and purification, waste water storage and wastewater disposal pipeline to the Collie Power Station marine disposal outfall tank. During the financial year the Group's operations were materially conducted in accordance with the guidelines of that licence.

Other than mentioned above, during and since the end of the financial year, the directors are not aware of any particular or significant environmental issues which have been raised in relation to the Group's operations.

Risk Management

The Group takes risk management seriously and has put in place the following procedures:

Oversight: An Audit Committee has been established to direct, review and initiates corrective action in matters of internal control and minimise risk exposures compatible with a group company of this size and nature.

Risk Profile: An exercise has been performed to assess the various business risks that impinge upon the Group. They have been categorised according to which part or parts of the business would be effected, what controls might be put in place and whether the resulting levels of exposure are acceptable.

Risk Management: The Group has taken decisions as to how it should manage the various categories of risk exposure and they include the imposition of Standard Operating Procedures (SOP's) for routine business transactions; mitigation policies to lessen or obviate risks such as Insurance Policies and formal long term Agreements with critical suppliers; and hedging arrangements if applicable.

Compliance and Control: Standard Operating Procedures have been drawn up, circulated and regularly monitored to ensure adherence to company policy. They include the various cash, purchasing, sales, and payment cycles, and payroll. Levels of Authority have been set, divisions of duty are made and multiple signature approvals imposed. Regular checks are made by management to ensure that these controls are indeed in place and complied with.

Assessment of Effectiveness: The management in the first instance assesses the effectiveness of the risk management policies and in conjunction with the Audit Committee and External Auditors, instructs improvements to be put in place.

Information on Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Names, qualifications, experience and special responsibilities

Dato' Dr M Rajendran - Managing Director

Dato' Dr Rajen, B Ph.(Hons) began his career as an intern pharmacist at the Kuala Lumpur General Hospital from 1986 - 1987. In 1987 he joined Lee Pharmacy as a community Pharmacist. Over a period of 9 years, Dr Rajen worked for several reputable pharmaceutical companies including Roche and CIBA Pharmaceuticals in various capacities including medical representative, product manager and marketing manager. In 1995, he incorporated Total Health Concept, which was restructured into Holista Biotech Sdn Bhd in January 2004 and has been Managing Director and major shareholder from inception of this group until its merger with Holista CollTech Limited in July 2009. He is a prominent figure in the Malaysian biotech industry, an industry which receives significant support and encouragement from the Malaysian government.

Dato' Dr Rajen has been a guest lecturer in alternative medicine at the University of Malaysia, the National University of Malaysia and the International Medical University in Malaysia. He was also a health columnist for the Sunday Times-Malaysia's second largest Sunday newspaper and writes a monthly column on biotech and business for The Edge, Malaysia's largest business weekly.

Dato' Dr Rajen is a member of the Malaysian Ministry of Health Standing Committee for Traditional Medicine and until

DIRECTORS' REPORT (continued)

March 2009 was on the board of Malaysian Herbal Corporation Sdn Bhd, a wholly owned subsidiary of the Malaysian Industry - Government Group for High Technology.

Dato Dr Rajen holds no other current directorships in listed companies and has no former directorships in listed companies in the last three years.

Mr Daniel Joseph O'Connor – Non Executive Director
Mr O'Connor B.Bus, MBA, FAICD (Dip), AAMI, MAIM, CPM, has spent more than 20 of his past 35 years in professional practice, with a specialisation in Intellectual Property Commercialisation. He is the Consultant Principal and major shareholder of Xenex Consulting and the Keys2Growth program and has assisted companies expand their international trading boundaries by a disciplined process of planning, funding, and implementing key strategic business initiatives thereby adding value to all stakeholders.

Mr O'Connor has a Bachelor of Business degree in marketing and an MBA in International Business. He has commenced his doctoral degree in International Business, focused on the commercialisation of Intellectual property. He has completed the Company Directors Course and has served as a Director or Executive Officer in project companies, generally until immediately prior to an IPO or trade-sale.

Mr O'Connor holds no other current directorships in listed companies and has no former directorships in listed companies in the last three years.

Mr Chan Heng Fai – Non Executive Director
Mr Chan Heng Fai has restructured over 35 companies in different industries and countries in the past 40 years.

In 1987, Mr Chan Heng Fai acquired American Pacific Bank, a full service U.S. commercial bank, out of bankruptcy. He recapitalised, refocused and grew the bank's operations. Under his guidance, American Pacific Bank became a US NASDAQ high asset quality bank, with zero loan losses for over 5 consecutive years before it was ultimately bought and merged into Riverview Bancorp Inc. Prior to its merger with Riverview Bancorp Inc., in June 2004, American Pacific Bank was ranked #13 by the Seattle Times "Annual Northwest's Top 100 Public Companies" for the year 2003, and ranked #6 in the Oregon state [for the year 2003], which ranked ahead of names such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.

In 1997, Mr Chan Heng Fai acquired and ran a regional investment banking and securities broking-dealing business headquartered in Denver, with 12 offices throughout USA.

Chief Financial Officer

Mr Kong Hon Khien
Kong Hon Khien is a Member of the Malaysia Institute of Accountants (MIA) and an Associate Member of the Chartered Institute of Management Accountants (CIMA). He has more than 20 years of working experience from various industries ranging from manufacturing, investment holding, information technology, and transportation. He has served as Chief Financial Officer for 2 public companies listed on the Main Board of Bursa Malaysia prior to joining Holista CollTech Ltd.

Company Secretary

Mr Jay Stephenson
Mr Jay Stephenson holds a Master of Business Administration, is a Fellow of the Certified Practicing Accountants (Australia), Certified Management Accountant (Canada), Member of the Australian Institute of Company Directors and Fellow of the Chartered Institute of Secretaries.

Mr Stephenson has over 21 years of business development including approximately 20 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, as well as managing all areas of finance for companies. He sits on the boards of Quintessential Resources Limited, Doray Minerals Limited, Drake Resources Limited, Strategic Minerals Corporation NL, Nickelore Limited and Spencer Resources Limited as well as acts as Company Secretary for a number of ASX Listed resource and industrial companies.

DIRECTORS' REPORT (continued)

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

	No of Directors' Meeting held	No. Of Directors' Meeting Attended
Dato' Dr M Rajendran	5	5
Mr Daniel Joseph O'Connor	5	5
Mr Chan Heng Fai	5	5

Interests in the shares and options of the company and related bodies corporate

The following relevant interests in shares and options of the company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Dato' Dr M Rajendran	-	73,914,400
Mr Chan Heng Fai	23,333,333	11,666,667

Mr Chan Heng Fai is the director of Hengfai Business Development Pte Ltd which in addition to the above also currently holds $1,500,000 convertible notes in Holista Colltech Ltd.

Options

No ordinary shares have been issued by the Company during or since the end of the financial year as a result of the exercise of an option.

At the date of this report there are 25,333,333 unissued ordinary shares of the Company under option

Indemnification and insurance of Directors and Officers

Holista CollTech Limited has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year Holista CollTech Limited has paid a premium of $17,156 in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. (2013: $17,214)

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, Stantons International Audit and Consulting Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 26 and forms part of this Directors' Report for the year ended 30 June 2014.

Non-Audit Services

No amounts were paid or payable to the auditors for non-audit services as outlined in Note 24 to the financial statements.

DIRECTORS' REPORT (continued)

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for the key management personnel of Holista CollTech Limited (the "Group") for the financial year ended 30 June 2014. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Company, and includes the executives in the Parent and the Group.

Key Management Personnel

(i) Directors

Dato' Dr M Rajendran	- Managing Director and Chief Executive Officer
Mr Daniel Joseph O' Connor	- Non-Executive Director
Mr Chan Heng Fai	- Non-Executive Director

(ii) Executives

Mr Kong Hon Khien (Chief Financial Officer)
Mr Jay Stephenson (Company Secretary)

Except as noted, the named persons held their current position during the whole of the financial year and up to the date of this report.

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Currently the responsibilities of the Remuneration Committee are undertaken by the full Board.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

DIRECTORS' REPORT (continued)

Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 1 December 2003 when shareholders approved an aggregate remuneration of $ 200,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. An additional fee is also paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

The remuneration of non-executive directors for the year ended 30 June 2014 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the company executives is detailed in Table 2.

Variable Remuneration

The aggregate of annual payments available for executives across the Group is subject to the approval of the Remuneration Committee During the year, the Board of Directors approved $11,197 bonus payment to its Malaysia subsidiaries as per their employment contract. (2013 : $NIL)

DIRECTORS' REPORT (continued)

Employment Contracts

On 7 September 2010, the Group entered into an Employment Agreement with Dato Dr. Rajen to act as Chief Executive Officer and Managing Director. A summary of the terms of his employment are as follows:

		Dato' Dr. M Rajendran
a)	Commencement date	10 July 2009
b)	Termination date of contract	Initial 3 year period
c)	Period of notice for resignation/termination	3 months
d)	Remuneration	RM540,000
e)	Termination - with cause	The Company may terminate at any time without notice if serious misconduct has occurred. Where termination with cause occurs employees are only entitled to entitlements up to the date of termination and any unvested options will immediately be forfeited.
f)	Termination - without cause	The Agreement provides for the termination of the Agreement by paying a severance payment of up to three months in addition to notice period.

On 27 June 2012, the Board of Directors has reviewed and renewed the Employment Agreement of Dato' Dr Rajen as the Chief Executive Director and Managing Director of the Group. Saved for the changes below, all other terms and conditions of the original Agreement dated 7 September 2010 remains the same:-

a) Renewal period : 3 Years from 10 July 2012
b) Remuneration : RM577,800 per annum

DIRECTORS' REPORT (continued)

Table 1
Directors' Remuneration

		Short-term Employee benefits			**Post-employment benefit**		**Equity**		
		Salary & Fees $	Bonuses $	Non-Monetary Benefits $	Super-annuation $	Other $	Share Options $	Total $	Performance Related %
Mr Daniel Joseph O'Connor	2014	39,000	-	-	-	-	-	39,000	-
	2013	72,000	-	-	-	-	-	72,000	-
Mr Warren John Staude	2014	-	-	-	-	-	-	-	-
(Resigned 3/10/2012)	2013	9,000	-	-	-	-	-	9,000	-
Mr Chan Heng Fai	2014	36,000	-	-	-	-	-	36,000	-
	2013	-	-	-	-	-	-	-	-
Mr Mark Peter Collins	2014	6,000	-	-	-	-	-	6,000	-
(Resigned 31/7/2013)	2013	66,000	-	-	-	-	-	66,000	-
Dato' Dr M Rajendran	2014	209,923	8,492	-	41,502	-	-	259,917	-
	2013	191,918	-	-	36,447	-	-	228,365	-
Total	2014	290,923	8,492	-	41,502	-	-	340,917	-
	2013	338,918	-	-	36,447	-	-	375,365	-

Mr Daniel O'Connor remuneration was paid by way of fees to Xenex Consulting.
Mr Mark Peter Collins remuneration was paid by way of fees to William Buck (WA) Pty Ltd.
Mr Warren Staude remuneration was paid by way of fees to SerraSalmin Investments Pty Ltd.

(i) As approved by the shareholders in the Annual General Meeting held on the 27 November 2013, the Company granted 23,333,333 options (warrants) to Mr Chan Heng Fai, Director, pursuant to his participation in the placement. The options have a fair value of $2,163,772 using the Black Scholes valuation method. At 30 June 2014 a portion of the fair value of the options ($70 000) has been treated as equity raising costs with the balance being expensed. These amounts are not included in the remuneration table above. Please refer to Note 26: Share Based Payments and Note 20: Related Party Disclosures for further details.

DIRECTORS' REPORT (continued)

Table 2
Executives Remuneration

		Short-term Employee benefits			**Post-employment benefit**		**Equity**		
		Salary & Fees $	Bonuses $	Non-Monetary Benefits $	Super-annuation $	Other $	Share options $	Total $	Performance Related %
Mr. Kong Hon Khien	2014	66,869	2,705	-	9,201	-	-	78,775	-
	2013	61,098	2,213	-	7,724	-	-	71,035	-
Mr. Jay Stephenson	2014	60,000	-	-	-	-	-	60,000	-
	2013	40,000	-	-	-	-	-	40,000	-
Total	2014	126,869	2,705	-	9,201	-	-	138,775	-
	2013	101,098	2,213	-	7,724	-	-	111,035	-

DIRECTORS' REPORT (continued)

Details of employee share option plans
The Group believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders.

At present the Group does not have an employee share option plan.

Bonuses
No bonus was granted to the Directors except for Dr M. Rajendran, $8,492 for his contribution in the Malaysia operation. (2013 : $nil).

Share-based payments
No shares or options were issued as share based compensation during the year. However 23,333,333 options (warrants) were issued to Mr Chan Heng Fai pursuant to his participation in the placement completed on 27 November 2013.

Options awarded and vested in Holista CollTech Limited (number) during the year

30 June 2014	Awarded Number	Award date	Fair value per option at award date $	Exercise price $	Expiry date	Number vested or lapsed during year
Directors						
Mr Chan Heng Fai	23,333,333	27/11/ 2013	0.09	0.06	17/12/2018	23,333,333
Dato' Dr M Rajendran	-	-	-		-	-
Mr Daniel O'Connor	-	-	-		-	-
Executives						
Mr Kong Hon Khien	-	-	-		-	-
Mr Jay Stephenson	-	-	-		-	-
	23,333,333	-	-		-	23,333,333

Relationship between the remuneration policy and company performance

The Company has been in an ongoing restructure of its operation since the reverse takeover in Year 2009. The Company is also in the midst of commercialising some its patented technologies, namely its Healthy Food Ingredients and Sheep Collagen. Accordingly, the Company's remuneration policy during the current and the previous four (4) financial years is not related to the Company's performance.

DIRECTORS' REPORT (continued)

Ordinary shares held in Holista CollTech Limited (number)

30 June 2014	Balance at beginning of year	Granted as remuneration	On Exercise of Option	Net Change Other	Balance at end of year
Directors					
Mr Chan Heng Fai	-	-	-	11,666,667	11,666,667
Dato' Dr M Rajendran	77,039,400	-	-	(3,125,000)	73,914,400
Mr Daniel O'Connor	-	-	-	-	-
Executives					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	77,039,400	-	-	8,541,667	85,581,067

30 June 2013	Balance at beginning of year	Granted as remuneration	On Exercise of Option	Net Change Other	Balance at end of year
Directors					
Mr Mark Peter Collins	-	-	-	-	-
Dato' Dr M Rajendran	77,039,400	-	-	-	77,039,400
Mr Daniel O'Connor	-	-	-	-	-
Executives					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	77,039,400	-	-		77,039,400

DIRECTORS' REPORT (continued)

Options held in Holista CollTech Limited (number)

30 June 2014	Balance at beginning of year	Granted	Vested	Lapsed	Balance at end of year
Directors					
Mr Chan Heng Fai	-	23,333,333	-	-	23,333,333
Dato' Dr M Rajendran	-	-	-	-	-
Mr Daniel O'Connor	-	-	-	-	-
Executives					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	-	23,333,333	-	-	23,333,333

30 June 2013	Balance at beginning of year	Granted	Vested	Lapsed	Balance at end of year
Directors					
Mr Mark Peter Collins	-	-	-	-	-
Dato' Dr M Rajendran	-	-	-	-	-
Mr Daniel O'Connor	-	-	-	-	-
Executives					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	-	-	-		-

Value of options held by directors, exercised and lapsed during the year.
No options were exercised, forfeited or lapsed during the year. For details on the valuation of the options, including models and assumptions used, please refer to note 26.

END OF REMUNERATION REPORT

The Director' Report incorporating the Remuneration Report is signed in accordance with a resolution of the Directors.

Dato' Dr. M Rajendran
Director
Selangor, Malaysia
18 September 2014

CORPORATE GOVERNANCE STATEMENT

Holista CollTech Limited ("**Group**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Group has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Group's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Group's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	√		Recommendation 4.2	√	
Recommendation 1.2	√		Recommendation 4.3	√	
Recommendation 1.3[3]	n/a		Recommendation 4.4[3]	n/a	n/a
Recommendation 2.1		√	Recommendation 5.1	√	
Recommendation 2.2		√	Recommendation 5.2[3]	n/a	n/a
Recommendation 2.3		√	Recommendation 6.1	√	
Recommendation 2.4		√	Recommendation 6.2[3]	n/a	n/a
Recommendation 2.5	√		Recommendation 7.1	√	
Recommendation 2.6[3]	√		Recommendation 7.2	√	
Recommendation 3.1	√		Recommendation 7.3	√	
Recommendation 3.2	√		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.3	√		Recommendation 8.1	√	
Recommendation 3.4	√		Recommendation 8.2	√	
Recommendation 3.5[3]	n/a	n/a	Recommendation 8.3	√	
Recommendation 4.1	√		Recommendation 8.4[3]	n/a	n/a

1.Indicates where the Group has followed the Principle & Recommendations.
2.Indicates where the Group has provided "if not, why not" disclosure.
3. Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure - information required is either provided or it is not.

Website Disclosures

Further information about the Group's charters, policies and procedures may be found at the Group's website at www.holistaco.com, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation (s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Selection and Appointment of New Directors	2.6
Performance Evaluation of the Board, Board Committees and Individual Directors	1.2, 2.5
Diversity Policy (summary)	3.2, 3.3, 3.4
Code of Conduct	3.1, 3.3
Compliance Procedures for ASX Listing Rule Disclosure Requirements (summary)	5.1, 5.2
Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Strategy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure - Principles & Recommendations
The Group reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2012/2013 financial year ("**Reporting Period**").

Principle 1 - Lay solid foundations for management and oversight
Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.
Disclosure:
The Group has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Group through its key functions of overseeing the management of the Group, providing overall corporate governance of the Group, monitoring the financial performance of the Group, engaging appropriate management commensurate with the Group's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Group has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Group, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Group's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.
Disclosure:
The Chair is responsible for evaluating the senior executives. The Chair evaluates the senior executives by holding informal discussions with the senior executives on an ongoing basis, as required.

Recommendation 1.3: Companies should provide the information indicated in the *Guide to reporting on Principle 1.*
Disclosure:
During the Reporting Period a review of senior executives occurred with the Managing Director reporting to the board via informal evaluations.

Principle 2 - Structure the board to add value
Recommendation 2.1: A majority of the Board should be independent directors. As at date of this report the following directors were appointed to the Board of Holista CollTech Limited:

Name	Position	Independent
Dato' Dr M Rajendran	Executive Chairman, Managing Director, CEO	No
Mr Daniel Joseph O'Connor	Non-Executive Director	No
Mr Chan Heng Fai	Non-Executive Director	No

An independent director is a non-executive director and;

- Is not a substantial shareholder of the Company or an officer of or directly or indirectly associated with a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company, or been a director after ceasing to hold any such employment;
- Within the past three years has not been a principal of a material professional advisor or a material consultant to the Company or an employee associated with a such a material service provider or advisor; and,
- Does not have a material contractual relationship with the Company other than as a director of the Company.

Disclosure:
The Board currently consists of non-independent directors. Mr Mark Peter Collins resigned as Chairman and Non-Executive Director of the Company effective 31 July 2013. Mr Daniel O'Connor assumed the Non-Executive Director role during the same time. However, he is deemed to be non-independent by nature of him holding the position of Executive Director during the past one(1) year. Mr Chan Heng Fai is considered non-independent by nature of him holding a $1.5m convertible note. With the resignation of Mr Mark Peter Collins as the Chairman, Dato' Dr M Rajendran has been appointed as interim Chairman until a replacement Chairman is appointed.

The Company has departed from its recommendation of having majority independent directors in its Board. While the Company will consider rectifying this in the future, it will continue to operate with its existing small Board members which will be advantageous in view of the Company's current financial position.

Recommendation 2.2: The Chair should be an independent director.
Disclosure:
With the resignation of Mr Mark Peter Collins on 31 July 2013, the Board has appointed Dato' Dr M Rajendran as interim Chairman as at the date of Reporting until a replacement Chairman is appointed..

Recommendation 2.3: The roles of the Chair and Chief Executive Officer (or equivalent) should not be exercised by the same individual.
Disclosure:
During the Reporting Period the Chief Executive Officer, was Dato' Dr M Rajendran and he has also been appointed as interim Chairman after the resignation of Mr Mark Peter Collins until a replacement Chairman is appointed. As explained in Recommendation 2.2, the Board will make collective decision making during this period.

Recommendation 2.4: The Board should establish a Nomination Committee
Disclosure:
The majority of Nomination Committee should be independent directors. As per Recommendation 2.1 to 2.3 above, the Company is unable to establish the Nomination Committee due to its small Board members. However, the full Board will assume the Nomination Committee role until a proper Nomination Committee is established in the future.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:
The Chair evaluates the Board, individual directors, any applicable committees and the Managing Director / Chief Executive Officer by holding informal discussions with these parties on an ongoing basis, as required. Each new director is required to complete an induction process.
Recommendation 2.6: Companies should provide the information indicated in the *Guide to reporting on Principle 2*.
Disclosure:
Skills, Experience, Expertise and term of office of each Director
A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors
Currently, the Company do not have any independent directors. Mr Daniel O' Connor is deemed to be non-independent by nature of him holding the position of Executive Director during the past one(1) year whereas Mr Chan Heng Fai is considered non-independent by nature of him holding a $1.5m convertible note.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Group's materiality thresholds. The materiality thresholds are set out below.

Group's Materiality Thresholds
The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Group's Board Charter:
- Statements of Financial Position items are material if they have a value of more than 10% of net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Group, involve a breach of legislation, are outside the ordinary course of business, they could affect the Group's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative tests, are essential to the activities of the Group and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice
If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Group will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters
The Company does not have a Nomination Committee due to its small Board composition. The Board considers it appropriate that the selection and appointment of directors are of utmost importance and should be the responsibility of the entire board.

Principle 3 - Promote ethical and responsible decision-making
Recommendation 3.1: Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
Disclosure:
The Group has established a Code of Conduct as to the practices necessary to maintain confidence in the Group's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices
Trading Policy
The Group has established a policy concerning trading in the Group's securities by directors, senior executives and employees. The policy includes blackout periods where no trading in Group securities shall take place between:

- 1 July and the lodgement of the annual results;
- 1 January and the lodgement of the half year results;
- 1 April and the lodgement of the quarterly results for the period ending 31 March: and
- 1 October and the lodgement of the quarterly results for the period ending 30 September.

If directors including the Managing Director wish to trade securities outside the blackout period, they must obtain approval from the Chairman. Employees must obtain the approval of the Managing Director, and the Chairman must obtain the approval of the board.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
Disclosure:
The Company has established a diversity policy, which encourages and fosters an environment where individual differences of employees are recognised. The Company's policy recognises the need for women to be employed in the business and actively sets targets for the number of women employed in different roles, the comparative remuneration and seeks to establish a workforce free of harassment arising out of gender, race or age.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
Disclosure: As above.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
Disclosure: The Company employs the following ratio of women and men throughout the organisation:
Women (52%)
Men (48%)

Recommendation 3.5: Companies should provide the information indicated in the *Guide to reporting on Principle 3.*
Disclosure:
Please refer to the section above marked Website Disclosures.

Principle 4 - Safeguard integrity in financial reporting
Recommendation 4.1 and Recommendation 4.2:
The Board should establish an Audit Committee and the Audit Committee should be structured so that it:
- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Disclosure:
The Board has established an Audit Committee that is structured in accordance with Recommendation 4.2 with the committee members consist of Mr Chan Heng Fai and Mr Jay Stephenson.

Recommendation 4.3: The Audit Committee should have a formal charter.
Disclosure:
The Group has adopted an Audit Committee Charter which sets out the responsibilities and role of the Committee and how it reports to the Board.

Recommendation 4.4: Companies should provide the information indicated in the *Guide to reporting on Principle 4.*
Disclosure:
The Audit Committee has adopted an Audit Committee Charter.

Details of each of the director's qualifications are set out in the Directors' Report. The Chairman of the Audit Committee has formal qualifications in the area of audit, while the other members have industry knowledge and experience and consider themselves to be financially literate. Further, the Group's Audit Committee Charter provides that the Board meet with the external auditor without management present, as required.

The Group has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Group's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Principle 5 - Make timely and balanced disclosure
Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
Disclosure:
The Group has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. The policies also include examples of disclosure requirements and who can communicate with media outlets.

Recommendation 5.2: Companies should provide the information indicated in the *Guide to reporting on Principle 5.*
Disclosure:
Please refer to the section above marked Website Disclosures.

Principle 6 - Respect the rights of shareholders
Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
Disclosure:
The Group has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. This includes all relevant information being disclosed on the Group's website.

Recommendation 6.2: Companies should provide the information indicated in the *Guide to reporting on Principle 6.*
Disclosure:
Please refer to the section above marked Website Disclosures.

Principle 7 - Recognise and manage risk
Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
Disclosure:
The Board has adopted a Risk Management Policy, which sets out the Group's risk profile. Under the policy, the Board is responsible for approving the Group's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates' day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer and the Chief Financial Officer are responsible for updating the Group's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Chief Executive Officer may have unrestricted access to Group employees, contractors and records and may obtain independent expert advice on any matter considered appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Group's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Group to establish and maintain its governance practices

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

Management report to the Board as to the effectiveness of the Group's management of its material business risks via the Board and Audit Committee meetings.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4: Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has received an informal report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 - Remunerate fairly and responsibly

Recommendation 8.1 and 8.2: The Board should establish a Remuneration Committee, and it should be structured such that the majority of members are independent.

Disclosure:

The Company does not have a Remuneration Committee due to its small Board composition. Currently the responsibilities and consideration in determining the remuneration of executives and non-executives are the responsibility of the entire Board.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, meetings attended and their responsibilities to various committees. Remuneration for non-executive directors is not linked to the performance of the Group. Non-executive directors may be issued options, to minimize the cash outgoings of the Group and to better align the interests of the company and its stakeholders. The grant of any options will be subject to prior shareholder approval.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.4: Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:

Details of remuneration, including the Group's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

During the Reporting Period, the Board has met once to discuss and approve the appointment of Mr Chan Heng Fai as the Non-Executive Director.

To assist the Remuneration Committee, it has adopted a Remuneration Committee Charter.

There are no termination or retirement benefits for non-executive directors.

During the Reporting Period the Group did not publicly disclose its policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. However, the Group's position is that such transactions are prohibited.

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18 September 2014

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 Audit Director for the audit of the financial statements of Holista CollTech Limited for the year ended 30 June 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 audit; and

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

Yours faithfully

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

Samir Tirodkar
Director

West Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
Revenue from continuing operations	3	6,227,814	5,261,648
Other income	3	45,669	221,463
Change in inventories of finished goods and work in progress	3	72,934	(35,508)
Raw materials and consumables used	3	(2,043,635)	(1,796,014)
Employee benefits expense		(2,127,737)	(2,002,101)
Depreciation and amortisation expense	11 & 12	(187,560)	(216,349)
Impairment	12	(927,287)	(724,500)
Finance costs		(330,985)	(313,903)
Share based payments	26	(2,172,994)	-
Other expenses	3	(2,344,892)	(2,314,933)
(Loss) before income tax expense		**(3,788,673)**	**(1,920,197)**
Income tax benefit	4	414,942	219,497
(Loss) after tax from continuing operations		**(3,373,731)**	**(1,700,700)**
Loss for the year		**(3,373,731)**	**(1,700,700)**
Other comprehensive income			
Exchange differences on translation of foreign operations		(31,443)	41,817
Total comprehensive loss for the year		**(3,405,174)**	**(1,658,883)**
Loss attributable to :-			
Owners of the parent		(3,280,822)	(1,700,700)
Non-controlling interest		(92,909)	-
		(3,373,731)	(1,700,700)
Total comprehensive loss attributable to :-			
Owners of the parent		(3,306,330)	(1,658,883)
Non-controlling interest		(98,844)	-
		(3,405,174)	(1,658,883)
Basic loss per share (cents per share)	6	(2.41)	(1.31)
Diluted loss per share (cents per share)	6	(2.41)	(1.31)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	2014 $	2013 $
Current Assets			
Cash and cash equivalents	7	1,511,648	3,573,991
Trade and other receivables	8	1,225,409	1,175,170
Inventories	10	695,700	617,786
Other current assets	9	186,673	170,842
Total Current Assets		3,619,430	5,537,789
Non-Current Assets			
Property, plant and equipment	11	1,374,843	2,376,167
Intangible assets	12	188,921	189,219
Other financial assets	9	23,585	3,084
Deferred tax asset	4	36,802	-
Total Non-Current Assets		1,624,151	2,568,470
Total Assets		5,243,581	8,106,259
Current Liabilities			
Trade and other payables	13	637,410	992,266
Borrowings	14	1,101,023	2,628,885
Other liabilities	13	69,162	327,025
Total Current Liabilities		1,807,595	3,948,176
Non-Current Liabilities			
Borrowings	14	1,906,594	2,096,786
Total Non-Current Liabilities		1,906,594	2,096,786
Total Liabilities		3,714,189	6,044,962
Net Assets		1,529,392	2,061,297
Equity			
Issued capital	15	8,596,647	7,966,647
Reserves	16	2,201,564	(15,922)
(Accumulated losses)	16	(9,170,250)	(5,889,428)
Total parent entity interest		1,627,961	2,061,297
Non-controlling interest	17	(98,569)	-
Total Equity		1,529,392	2,061,297

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Issued Capital $	Compound Financial Instrument $	Accumulated Losses $	Option Reserve $	Foreign Currency Translation $	Non-controlling interest $	Total $
Balance as at 1 July 2012		**7,554,145**	**-**	**(4,188,728)**	**-**	**(57,739)**	-	**3,307,678**
(Loss) for the year		-	-	(1,700,700)	-	-	-	(1,700,700)
Exchange differences arising on translation of foreign operations		-	-	-	-	41,817	-	41,817
Total comprehensive loss for the year		**-**	**-**	**(1,700,700)**	**-**	**41,817**	-	**(1,658,883)**
Convertible notes – value of conversion rights		**-**	412,502	-	-	-	-	412,502
Balance at 30 June 2013	**15 & 16**	**7,554,145**	**412,502**	**(5,889,428)**	**-**	**(15,922)**	-	**2,061,297**
Balance as at 1 July 2013		**7,554,145**	**412,502**	**(5,889,428)**	**-**	**(15,922)**	-	**2,061,297**
(Loss) for the year		-	-	(3,280,822)	-	-	(92,909)	(3,373,731)
Exchange differences arising on translation of foreign operations		-	-	-	**-**	(25,508)	(5,935)	(31,443)
Total comprehensive loss for the year		**-**	**-**	**(3,280,822)**	**-**	**(25,508)**	**(98,844)**	**(3,405,174)**
Non-controlling interest		**-**	**-**	**-**	**-**	**-**	275	275
Shares issued during the year		700,000	-	-	-	-	-	700,000
Options issued		-	-	-	2,242,994	-	-	2,242,994
Equity raising costs		(70,000)	-	-	-	-	-	(70,000)
Balance at 30 June 2014	**15 & 16**	**8,184,145**	**412,502**	**(9,170,250)**	**2,242,994**	**(41,430)**	(98,569)	**1,529,392**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		6,110,166	5,025,291
Payments to suppliers and employees		(6,815,024)	(5,321,672)
Interest received		49,410	62,643
Finance costs		(1,872)	(313,904)
Net income tax received		381,228	219,497
Net cash (used in) operating activities	7 (ii)	**(276,092)**	**(328,145)**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		18,442	832,630
Purchase of intellectual property		(57,662)	(59,753)
Purchase of property, plant and equipment		(16,789)	(37,801)
Loan repayments to related parties		(283,074)	(37,105)
Net cash (used in)/ provided by investing activities		**(339,083)**	**697,971**
Cash flows from financing activities			
Proceeds from borrowings		-	1,574,250
Repayment of borrowings		(1,655,778)	(364,422)
Proceeds from issue of shares		700,000	-
Net cash (used in)/ provided by financing activities		**(955,778)**	**1,209,828**
Net (decrease)/ increase in cash and cash equivalents		**(1,570,953)**	**1,579,654**
Cash and cash equivalents at beginning of year		**2,864,983**	**1,219,955**
Effect of exchange rate fluctuations on cash held		**32,447**	**65,374**
Cash and cash equivalents at end of year	7 (i)	**1,326,477**	**2,864,983**

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the 'Group" and individually as "Group Entities") and the Group's interest in associates and jointly controlled entities. The Group is a for-profit entity and primarily involved in development and commercialisation of food ingredients and ovine collagen.

NOTE 2: SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 18 September 2014.

b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Holista CollTech Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 21.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income

c) Business combination

Business combinations occur when an acquirer obtains control over one or more businesses.

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non- controlling interests proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

d) Going Concern

The Group has reported a net loss after tax for the year of $3,373,731 and negative cash from operating activities of $276,092. Its current assets of $3,619,430 exceed the current liabilities of $1,807,595.

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 generate revenue of $115,070 (2013: $116,460) from its Collagen Plant in Perth, Western Australia. While the production during the past 2 years is only 10% of the actual plant capacity, the positive side from this is that the plant has an additional 90% capacity when required.

During this reporting period, the Group has finalised the Research & Development on its patented Food Grade collagen in its Collie Plant. The plant is in the final stage of producing 50kg of Food Grade collagen as samples for its customers. With this, the Group is confident that this new source of revenue from Collie will contribute positively to the Group's revenue in the coming financial year.

On the Healthy Food Ingredients, our marketing company, Litefood Inc. in USA has begun its initial talks with several potential customers. Litefood Inc. participation in the 2014 IFT Food Expo in New Orleans, USA has also given the Group renewed confidence in the potential revenue from this business segment.

The Group has proved during the financial year that it is able to raise additional funds from the issuance of financial instruments such as shares and warrants. This will continue to be an option available for the Group in the future should there be any further requirement for the growth of the Group.

While the Group is confident that its Malaysian and Australian revenue will grow and contribute positively in the future, it does realise the risk should the Group fail to generate sufficient positive cash flows and/or obtain funding when required. There is significant uncertainty as to 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.

e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

  Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Holista CollTech Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

f) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

g) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:
Raw materials - purchase cost on a first-in, first-out basis; and Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:
Buildings - over 25 years
Motor vehicles – over 10 years
Plant and equipment - over 5 to 20 years
The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(iii) Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.
Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

i) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss’, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Revisions to expected future net cash flows will necessitate an adjustment to carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to- maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at

amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.
If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(v) Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and the financial liability is derecognised.

Impairment
The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss

Derecognition
(i) Financial assets
A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:

  a) has transferred substantially all the risks and rewards of the asset, or
  b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.
When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

k) Intangibles Other than Goodwill

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no

internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Capitalised development	5 years
Licences	10 years
Software	4 years

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Foreign currency translation

Functional and presentation currency

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

Group companies

The financial results and position of foreign operation, whose functional currency is different from the Group's presentation currency, are translated as follows;

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

m) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

o) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

equivalents as defined above, net of outstanding bank overdrafts.

p) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks

and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

(iii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

q) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

s) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

u) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

v) New and Amended Accounting Policies Adopted by the Group

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements;
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 13: Fair Value Measurement;
- AASB 119: Employee Benefits; and
- AASB 127: Separate Financial Statements

Accounting Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'.

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

a) it has power over an investee;

b) it is exposed, or has rights, to variable returns from its involvement with the investee; and

c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

ASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument

items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Application is AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014. In the year ended 30 June 2014, the Group has reviewed all of the new and amended

Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early:

AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

relating to financial liabilities.

Other standards not yet applicable. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

w) Impairment of non-current assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash- generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

x) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the

conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

y) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

z) Parent entity financial information

The financial information for the parent entity, Holista CollTech Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Holista CollTech Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: REVENUE AND EXPENSES

	2014 $	2013 $
(a) Revenue		
Sales revenue		
Sale of goods	6,178,404	5,199,005
Bank interest receivable	49,410	62,643
	6,227,814	5,261,648
(b) Other income		
Other Profit on disposal of property, plant and equipment	18,442	221,463
Proceeds on legal settlement	26,875	-
Rebates	352	-
	45,669	221,463
(c) Expenses		
Net increase/ (decrease) in inventories	72,934	(35,508)
Raw materials and consumables used during production	2,043,635	1,796,014
Distribution costs	359,227	312,234
Advertising and promotion	595,185	559,766
Office expenses and maintenance	337,765	620,000
Collie factory maintenance costs	121,800	154,778
Research - current year expense (i)	233,148	213,215
Consultancy & professional services	506,812	295,887
Audit fees (note 24)	125,804	96,615
Operating lease rental expense	65,151	62,438
Other expenses	-	-
	2,344,892	2,314,933

(i) Under an exclusivity arrangement with Quick Service Holding Pty Ltd (QSRH) and an agreement to jointly share research and development costs up to $200,000, a recoupment of expenses from QSRH of $56,900 is in included here.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4: INCOME TAX

	2014 $	2013 $
Income tax recognised in profit or loss		
The major components of tax expense are:		
Current tax	(378 140)	(219,497)
Deferred tax benefit recognised	(36 802)	-
Total tax benefit	(414,942)	(219,497)
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting (loss) before tax from continuing operations	(3,788,674)	(1,920,197)
Income tax expense calculated at 30%	(1,136,602)	(576,059)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development tax offset	(395,523)	(241,292)
Tax effect of current year losses for which no deferred tax asset has been recognised	465,306	55,183
Foreign tax losses not recognised	(65,166)	222,952
Foreign income tax payable	(19 419)	21,795
Non deductible expenditure	734,486	267,924
Timing differences	1,976	30,000
Difference in overseas tax rates		
Income tax benefit reported in the consolidated statement of comprehensive income	(414,942)	(219,497)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting year.

The Group has accumulated tax losses of $11,624,836 which expected to be available indefinitely for offset against future taxable profits of the companies in which the losses arose. The recoupment of these losses is subject to assessment of the Australian Taxation Office and the tax offices of the countries in which the Group operates in.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: SEGMENT REPORTING

General Information

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 organises 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.

(iii) Corporate
This segment supports operating segments (i) and (ii).

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 three 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 incurrence 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 YEAR ENDED 30 JUNE 2014

NOTE 5: SEGMENT REPORTING (continued)

(e) Segment Information

(i) Segment performance

	Supplements	Sheep Collagen	Food Ingredients	Corporate	Total
	$	$	$	$	$
30 June 2014					
REVENUE					
External sales	6,063,334	115,070	-	-	6,178,404
Interest revenue	-	-	-	49,410	49,410
Total segment revenue	6,063,334	115,070	-	49,410	6,227,814
Reconciliation of segment revenue to group revenue					
Total Group revenue					6,227,814
Segment net loss from continuing operations before tax	1,410,703	(1,314,726)	(28,868)	(3,855,782)	(3,788,673)
Net loss before tax from continuing operations					(3,788,673)
30 June 2013					
REVENUE					
External sales	5,082,545	116,460	-	-	5,199,005
Interest revenue	-	-	-	62,643	62,643
Total segment revenue	5,082,545	116,460	-	62,643	5,261,648
Total Group revenue					5,261,648
Segment net loss from continuing operations before tax	(156,845)	(615,554)	-	(1,147,798)	(1,920,197)
Net loss before tax from continuing operations					(1,920,197)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: SEGMENT REPORTING (continued)

(ii) Segment assets

	Supplements	Sheep Collagen	Food Ingredient	Total
	$	$	$	$
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				**5,243,581**
30 June 2013				
Segment assets	6,480,145	4,738,799		11,218,944
Reconciliation of segment assets to Group assets				
Intersegment eliminations				(3,112,685)
Total Group assets				**8,106,259**

(iii) Segment liabilities

	Supplements	Sheep Collagen	Food Ingredients	Total
	$	$	$	$
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				**3,714,189**
30 June 2013				
Segment liabilities	4,650,888	2,455,841	-	7,106,729
Reconciliation of segment liabilities to Group liabilities:				
Intersegment eliminations				(1,061,767)
Total Group liabilities				**6,044,962**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: SEGMENT REPORTING (continued)

(iv) Revenue by geographical region
Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	30 June 2014	30 June 2013
	$	**$**
Australia	115,070	18,387
Malaysia	6,063,334	5,464,725
Total revenue	6,178,404	5,483,112

(v) *Assets by geographical region*

The location of segment assets by geographical location of the assets is disclosed below:		
Australia	783,497	2,786,283
Malaysia	4,456,401	5,319,976
United States	3,683	-
Total assets	5,243,581	8,106,259

(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 97% of revenue for this segment

NOTE 6: EARNINGS PER SHARE

	2014	2013
	Cents per share	Cents per share
Basic loss per share:		
Continuing operations	(2.41)	(1.31)
Total basic loss per share	(2.41)	(1.31)
Net Loss	(3,280,822)	(1,700,700)
Diluted loss per share	(2.41)	(1.31)
Loss from continuing operations	(3,280,822)	(1,700,700)
Weighted average number of shares	135,868,121	129,603,281
Effect of dilution	-	-
Weighted average number of shares (diluted)	135,868,121	129,603,281

Potential ordinary shares were not considered to be dilutive as the consolidated entity made a loss for the year ended 30 June 2014 and the exercise of potential ordinary shares would not increase that loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7: CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Current		
Cash at bank and on hand (i)	181,060	1,434,504
Security deposits (ii)	1,330,588	2,139,487
	1,511,648	3,573,991

(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.
At 30 June 2014, the Group had available $166,687 (2013: $39,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

(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	181,060	1,434,504
Bank overdraft	(185,171)	(709,008)
Security deposits	1,330,588	2,139,487
Cash and cash equivalents as per statement of cash flows	1,326,477	2,864,983

(ii) Reconciliation of (loss) for the year to net cash flows from operating activities

(Loss) for the year after tax	(3,373,731)	(1,700,700)
Foreign exchange in profit & loss	(103,380)	-
Depreciation and amortisation	187,560	216,349
Impairment losses	927,287	724,500
Share based payment	2,172,994	-
Finance costs	330,526	-
Write off non-controlling share capital	274	-
Impairment of intangibles	57,948	155,906
Net gain on disposal of property, plant & equipment	-	(221,464)
- (increase)/decrease in receivables	(77,573)	(173,714)
- (increase)/decrease in inventories	(51,865)	13,240
- increase/(decrease) in payables	(346,132)	657,740
Net cash used in operating activities	(276,092)	(328,145)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7: CASH AND CASH EQUIVALENTS (continued)

(iii) Restricted Funds

The Groups total cash assets mentioned above included restricted bank accounts as follows

(a) Deposits held with financial institutions in Malaysia as collateral for financing facilities provided**.**

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Trade receivables	1,174,568	1,053,098
Other receivables	50,841	122,072
	1,225,409	1,175,170

(i) the average credit period on sales of goods and rendering of services is 55 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.
Sales in Malaysian entities are either on a cash basis or via a distributor. The terms of payment from this distributor are 50% after net 45 days and 50% after net 65 days.

Aging of past due but not impaired		
0 – 30 days	6,644	15,315
30 – 60 days	21,235	-
60 – 90 days	3,904	-
90 - 120 days	1,172	-
Total	32,955	15,315

NOTE 9: OTHER FINANCIAL ASSETS

Current		
Prepayments	186,673	170,842
Non Current		
Legal settlement proceeds due	20,501	-
Loan – Malaysia Pharmaceutical Society	3,084	3,084
Total	23,585	3,084

NOTE 10: INVENTORIES

	2014 $	2013 $
Raw materials - at cost	361,254	269,445
Finished goods - at cost	334,446	348,341
	695,700	617,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building $	Plant and equipment $	Motor vehicles $	Total $
Year ended 30 June 2014				
At 1 July 2013, net of accumulated depreciation and impairment	1,875,991	500,175	-	2,376,166
Additions	-	16,796	122,104	138,900
Disposals	-	-		-
Impairment	(927,287)	-	-	(927,287)
Depreciation charge for the year	(78,962)	(83,787)	(24,811)	(187,560)
Foreign currency exchange differences	(24,983)	(784)	391	(25,376)
At 30 June 2014, net of accumulated depreciation and impairment	844,759	432,400	97,684	1,374,843
At 30 June 2014				
Cost	2,451,790	1,925,580	122,104	4,499,474
Accumulated depreciation and impairment	(1,607,031)	(1,493,180)	(24,420)	(3,124,631)
Net carrying amount	844,759	432,400	97,684	1,374,843

The useful life of the assets was estimated as follows for both 2014 and 2013:

Buildings	20 years
Plant and equipment	5 to 15 years
Motor vehicles	10 years

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2014 is $97,864 (2013 $ nil). There was an addition of $122,104 during the year (2013: $ nil) of motor vehicles held under finance leases and hire purchase contracts.

The carrying value of property, plant and equipment temporarily idle is $ nil (2013 $ nil). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities. Land and buildings with a carrying amount of $844,759 (2013: $842,355) are subject to a first charge to secure a loan from RHB Bank, Malaysia.

	Freehold land and building $	Plant and equipment $	Motor vehicles $	Total $
Year ended 30 June 2013				
At 1 July 2012, net of accumulated depreciation and impairment	2,369,811	1,430,519	7,997	3,808,327
Additions	-	37,801	-	37,801
Disposals	(551,793)	(123,353)	-	(675,146)
Impairment	-	(724,500)	-	(724,500)
Depreciation charge for the year	(77,800)	(127,683)	(8,197)	(213,679)
Foreign currency exchange differences	135,772	7,391	200	143,363
At 30 June 2013, net of accumulated depreciation and impairment	1,875,991	500,175	-	2,376,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (continued)

At 30 June 2013				
Cost	2,480,209	1,970,095	88,236	4,495,540
Accumulated depreciation and impairment	(604,218)	(1,426,920)	(88,236)	(2,119,374)
Net carrying amount	1,875,991	500,175	-	2,376,166

Impairment Disclosure

Collagen Extraction Facility in Collie, Western Australia

This facility was built on land subject to a 20 years lease entered into in June 2004. The facility buildings have a carrying value of $nil as at 30 June 2014 (2013: $986,519). Whilst this extraction facility has been largely inactive since its completion in 2005, in this financial year the factory has been reactivated to deliver 2,000kg of orders received from a customer in Thailand.

The decision to impair the Collie facilities during the financial year is mainly due to the anticipation of the decline in world cosmetic collagen. While potential new revenue from Food Grade collagen is about to materialise by the next financial year, its expected gradual growth will require few years before it will be able to reach it full revenue potential.

NOTE 12: INTANGIBLE ASSETS

Year ended 30 June 2013	Development $	Patents and licences $	Total $
Opening balance	134,925	144,163	279,088
Additions	-	52,765	52,765
Disposals	(134,925)	(18,162)	(153,087)
Amortisation charge	-	(3,069)	(3,069)
Impairment losses	-	-	-
Foreign currency exchange differences	-	13,522	13,522
	-	189,219	189,219

Year ended 30 June 2014	Development $	Patents and licences $	Total $
Opening balance	-	189,219	189,219
Additions	-	57,662	57,662
Disposals	-	-	-
Amortisation charge	-	-	-
Impairment losses	-	(57 947)	(57 947)
Foreign currency exchange differences	-	(13)	(13)
	-	188,921	188,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13: TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables (i)	290,001	771,474
Non-trade creditors	347,409	220,792
	637,410	992,266
Other payables		
Due from director for working capital – interest free (note 22(d))	-	283,074
Unearned income	69,162	43,951
	69,162	327,025

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms

Secured		
Bank overdraft	185,171	709,008
Total secured borrowings	185,171	709,008

NOTE 14: INTEREST-BEARING LOANS AND 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:

		2014 $	2013 $
Current			
Bankers acceptance		627,914	821,904
Revolving credit		-	680,666
Bank overdraft		185,171	709,008
Credit card		(280)	(8,677)
Financial leases		255,121	372,242
Term loans:	(1)	33,097	34,245
	(2)	-	19,498
Total Current		1,101,023	2,628,885
Non-Current			
After 1 year but not later than 5 years			
Term loans:	(1)	151,559	136,979
	(2)	-	77,991
Financial leases		55,797	249,961
Convertible notes	(a)	1,209,088	1,087,498
		1,416,444	1,552,429
After 5 years			
Term loans:	(1)	460,998	527,570
	(2)	-	16,789
Financial leases		29,152	
		490,150	544,359
Total Non-Current		1,906,594	2,096,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: INTEREST-BEARING LOANS AND BORROWINGS (continued)

The borrowings of the Group and the Company are secured by the following:-

Term loan (1):
1) As principal Instrument, an "all monies" Facilities Agreement stamped to the amount of facilities advanced;
2) First party Absolute Assignment of all rights, interest, title and benefits in and to property beneficially owned by a Subsidiary Company;
3) Corporate Guarantee by subsidiary company for $823,949; and
4) Personal Guarantee for $823,949 by a Director of the subsidiary company.

Bankers' Acceptance and bank overdraft:
5) Facility Agreement;
6) Pledge of fixed deposits with licensed banks (refer to note 7)
7) Memorandum of Deposit and letter of set off;
8) Corporate Guarantee by a subsidiary company; and
9) Joint and several guarantees from certain Directors.

The bankers acceptance and bank overdraft bear interest of 4.62% to 8.16% (2013: 4.77% to 8.42%).
The term Loan (1) is repayable over 240 monthly instalments (principal plus interest) of $5,062 which commenced on 1st of July 2008. The term loan bears interest rates ranging from 4.71% to 6.66% (2013: 4.86% to 6.87%) per annum.

Convertible notes

The parent entity issued 1,500,000 convertible notes for $1.5 million on 17 June 2013 to director Mr. Chan Heng Fai. The notes and any accrued interest (payable at 1% per annum) are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable on 17 June 2016. The convertible notes will be convertible in to shares at the Issue Price ($0.08).
The convertible notes are presented in the statement of financial position as follows:

	2014 $	2013 $
Face value of notes issued	1,500,000	1,500,000
Unwinding of finance costs	121,590	-
Other equity securities – value of conversion rights	(412,502)	(412,502)
Non-current liability	1,209,088	1,087,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: INTEREST-BEARING LOANS AND BORROWINGS (continued)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

Current		
Floating charge		
Cash and cash equivalents	1,511,648	3,573,991
Inventories	695,700	617,786
Total assets pledged as security	2,207,348	4,191,777
Non-Current		
First mortgage		
Freehold land and buildings	844,759	889,472
Floating charge		
Total non-current assets pledged as security	844,759	889,472
Total assets pledged as security	3,052,107	5,081,249

Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

Total facilities:

	2014 $	2013 $
Bank overdraft	329,580	748,008
Bank loan	645,654	813,071
Trade facilities	982,147	1,502,570
Convertible notes	1,209,088	1,087,498
Finance lease	340,070	622,203
	3,506,539	4,773,350

	2014 $	2013 $
Facilities used at balance date		
Bank overdraft	185,171	709,008
Bank loan	645,654	813,071
Trade facilities	627,914	1,502,570
Convertible notes	1,209,088	1,087,498
Finance lease	340,070	622,203
	3,007,897	4,734,350
Facilities unused at balance date		
Bank overdraft	144,409	39,000
Trade facilities	354,233	-
	498,642	39,000
Total facilities	3,506,539	4,773,350
Facilities used at balance date	(3,007,897)	(4,734,350)
Facilities unused at balance date	498,642	39,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: ISSUED CAPITAL

	2014 $	2013 $
129,603,281 Ordinary shares issued and fully paid	8,184,145	7,554,145
1,500,000 Convertible notes – value of conversion rights	412,502	412,502
	8,596,647	7,966,647

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.
On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.
Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	2014		2013	
	No. $	$ $	No. $	$ $
Balance at beginning of financial year	129,603,281	7,554,145	129,603,281	7,554,145
Shares issued during the year:				
- 16 December 2013	11,666,667	700,000	-	-
- Share issue costs	-	(70,000)		
Balance at end of financial year	141,269,948	8,184,145	129,603,281	7,554,145

NOTE 16: ACCUMULATED LOSSES AND RESERVES

Accumulated Losses
Movements in accumulated losses were as follows:

	2014 $	2013 $
Balance at beginning of financial year	(5,889,428)	(4,188,728)
Net loss for the year	(3,280,822)	(1,700,700)
Balance at end of financial year	(9,170,250)	(5,889,428)

Reserves
Compositions of reserves were as follows:

	2014 $	2013 $
Foreign currency translation reserve	(41,430)	(15,922)
Options reserve	2,242,994	-
	2,201,564	(15,922)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: ACCUMULATED LOSSES AND RESERVES (continued)

Movements in options reserve during the last year:

	2014 $	2013 $
Foreign currency translation reserve (a)	(25,508)	41,817
Options reserve (b)	2,242,994	-
	2,217,486	41,187

Nature and purpose of reserves
(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Option reserve

The option reserve records items recognised as expenses on valuation of share options. There are 25,333,333 options outstanding at year end

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 under this scheme (2013: nil).

NOTE 17: NON-CONTROLLING INTEREST

Reconciliation of non-controlling interest in controlled entities:

	2014 $	2013 $
Opening balance	-	-
Share of current year loss after income tax	(92,909)	-
Share of current year translation reserve	(5,935)	-
Share capital	275	-
	(98,569)	

NOTE 18: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.
The Group's overall strategy remains unchanged from 2011.
The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.
None of the Group's entities are subject to externally imposed capital requirements.
Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.
Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: FINANCIAL INSTRUMENTS (continued)

	2014 $	2013 $
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents (i)	1,511,648	3,573,991
Trade and other receivables	1,225,409	1,175,170
Other assets	186,673	170,842
Financial liabilities (at amortised cost)		
Trade and other payables	637,410	992,266
Borrowings (current and non-current)	3,007,617	4,725,672
Other financial liabilities (note 22(d))	-	283,074

(i) Cash and cash equivalents comprise restricted amounts which all have varied maturity dates within the next 12 months.

(c) Financial risk management objective

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and commodity price risk including foreign exchange forward contracts to hedge the exchange rate and commodity price risk arising on its production.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

The Group does not have sufficient investments that would expose it to unmanageable market risks.

(i) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2014 $	2013 $	2014 $	2013 $
Malaysian ringgit	2,379,280	4,602,960	3,086,190	4,055,730

Foreign currency sensitivity analysis

The Group is exposed to Malaysian ringgit (RM) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: FINANCIAL INSTRUMENTS (continued)

	RM impact			
	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Profit or loss (i)	63,474	33,886	-	-
Other equity (ii)	154,558	228,296	-	-

(i) This is mainly attributable to the exposure outstanding on receivables and payables at year end in the Group

(ii) This is mainly as a result of the changes in fair value of the Australian net assets due to currency fluctuations.

(ii) Interest rate risk management

The company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company and the Group’s exposures to interest rate in financial assets and financial liabilities are detailed in the liquidity risk management section of this note

(iii) Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's: net profit would increase by $5,000 and decrease by $ 5,000 (2013: $5,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps.

(e) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: FINANCIAL INSTRUMENTS (continued)

An analysis of the credit quality of trade and other receivables that are neither past due is as follows.

	2014 $	2013 $
Customers with external credit rating	-	-
Other customers		
- four or more years trading history with the Group	1,140,253	1,023,607
- less than four years or more trading history with the Group	34,315	29,491
	1,174,568	1,053,098

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the company's and the Group's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities including interest that will be payable on these liabilities except where the Group anticipates that the cash flow will occur in a different period.

	Less than 1 Month $	1-3 Months $	3 months-1 year $	1-5 years $	5+ years $
2014					
Non-interest bearing	-	-	-	-	-
Finance lease liabilities (8.47%)	29,853	59,705	183,254	96,548	-
Variable interest rate instruments (6.71%)	189,686	436,575	28,106	105,810	330,655
Fixed interest rate instruments (3.05%)	9,705	22,732	97,446	1,962,118	83,656
	229,244	519,012	280,333	2,192,966	414,311

	Less than 1 Month $	1-3 Months $	3 months-1 year $	1-5 years $	5+ years $
2013					
Non-interest bearing	-	13,613	68,067	201,394	-
Finance lease liabilities	29,306	58,613	263,758	263,758	-
Variable interest rate instruments	878,626	454,798	229,044	239,595	748,732
Fixed interest rate instruments	29,070	61,670	159,644	2,109,438	569,592
	937,002	588,694	720,513	2,814,185	1,318,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19: COMMITMENTS

Operating lease commitments - Group as lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 7 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

The Group has a 1 year lease entered into in February 2014 for a Warehouse in Malaysia. The rent for this site is $5,820 per annum.

The Group has a 3 year lease entered into in August 2011 for a Retail Outlet in Malaysia. The rent for this site is $3,155 per annum for the first year and $3,968 per annum for the remaining term

The Group has a 20 year lease entered into in June 2004 for a site in Collie, Western Australia. The rent for this site is $9,742 increased by CPI per hectare per annum.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated		Parent	
	2014 $	2013 $	2014 $	2013 $
Within one year	13,979	17,861	9,793	9,793
After one year but not more than five years	39,171	39,433	39,171	39,171
After five years	48,965	58,848	48,965	58,848
	102,115	116,142	97,929	107,812

Finance lease and hire purchase commitments - Group as lessee

The Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2014		2013	
Consolidated	*Minimum Lease Payments $*	*Present value Of lease Payments $*	*Minimum Lease Payments $*	*Present value Of lease Payments $*
Within one year	272,812	257,731	431,023	404,810
After one year but not more than five years	66,216	63,077	263,758	215,004
Later than five years	30,333	29,673	-	-
Total minimum lease payments	369,360	350,481	694,781	619,814
Less amounts representing finance charges	(29,290)	-	(72,579)	-
Present value of minimum lease payments	340,070	350,481	622,203	619,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19: COMMITMENTS (continued)

Capital commitments
At 30 June 2014 the Group has no capital commitments that have not otherwise been booked as a liability. (2013 $ Nil)

NOTE 20: RELATED PARTY DISCLOSURE

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		Parent	
	2014 $	2013 $	2014 $	2013 $
Legal services fee paid to Sumita K & Associates for provision of legal advice. Mrs Sumita's husband is a director of Holista CollTech Limited	8,062	7,587		-
Director fee paid to Mrs Sumita	12,093	11,381		
Accounting fees paid to William Buck. Mark Collins was a director of Holista CollTech Limited	-	11,900		-
Director fee paid to Mark Collins	-	6,000		-
	20,155	36,868		-

Lite Food Inc is 74% owned by the Group with the remaining 26% being held by private shareholders including our director Mr. Chan Heng Fai.

Refer Note 26 relating to share options issued to Mr Chan Heng Fai as a fee for assisting in a capital raising of $700 000.

NOTE 21: INTEREST IN SUBSIDIARIES

Set out below are the Group's subsidiaries at 30 June 2014. The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the group. Each subsidiaries country of incorporation is also its principal place of business.

Name	Country of Incorporation	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2014	2013	2014	2013
Holista Biotech Sdn Bhd	Malaysia	100%	100%	-	-
Total Health Concept Sdn Bhd	Malaysia	100%	100%	-	-
Alterni (M) Sdn Bhd	Malaysia	100%	100%	-	-
Tropical Botanics Sdn Bhd	Malaysia	100%	100%	-	-
Lite Food Inc	United States of America	74%	-	26%	-

Subsidiaries financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: INTEREST IN SUBSIDIARIES (continued)

Summarised Financial Information of Subsidiaries with Material Non-controlling Interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group:

	Lite Food Inc	
	30 June 2014 $	30 June 2013 $
Summarised Financial Position		
Current assets	3.683	-
Non-current assets	-	-
Current liabilities	(43)	-
Non-current liabilities	(349 602)	-
NET LIABILITIES	**(345,962)**	**-**
Carrying amount of non-controlling interests	(98,569)	-

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Summarised Financial Performance		
Revenue	-	-
(Loss) after tax	(357,344)	-
Other comprehensive income after tax	-	-
Total comprehensive income	(357,344)	-
(Loss) attributable to non-controlling interests	(92,909)	-
Distributions paid to non-controlling interests	-	-

The information above is before intercompany eliminations

	Lite Food Inc	
	30 June 2014 $	30 June 2013 $
Summarised Cash Flow Information		
Net cash used in operating activities	(357,027)	-
Net cash from investing activities	350,386	-
Net cash from/(used in) financing activities	-	-
Effect of exchange rates on cash holdings in foreign currencies	10,324	
Net decrease in cash and cash equivalents	3,683	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 22: PARENT ENTITY DISCLOSURES

Holista CollTech Limited is the ultimate Australian parent entity and ultimate parent of the Group.
Holista CollTech Limited did not enter into any trading transactions with any related party during the year.

Financial position

	30 June 2014 $	30 June 2013 $
Assets		
Current assets	382,782	1,284,891
Non-current assets	2,712,057	3,453,909
Total assets	3,094,839	4,738,800
Liabilities		
Current liabilities	340,172	1,368,343
Non-current liabilities	1,209,087	1,087,498
Total liabilities	1,549,259	2,455,841
Net Assets	**1,545,580**	**2,282,959**
Equity		
Issued capital	7,105,572	6,475,573
Accumulated losses	(7,802,986)	(4,192,614)
Reserves	2,242,994	-
Total Equity	**1,545,580**	**2,282,959**

Financial performance

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
(Loss) for the year	(3,610,372)	(935,731)
Other comprehensive income	-	-
Total comprehensive (loss)	(3,610,372)	(935,731)

The parent company has no capital commitments at 30 June 2014 (2013:Nil).

The parent company has not entered into any guarantees on behalf of subsidiary entities.

The parent company commitments are disclosed in Note 19.

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 24: AUDITOR'S REMUNERATION

The auditor of Holista CollTech Limited for the 2014 year is Stantons International Audit & Consulting Pty Ltd. The 2013 auditor of Holista CollTech Limited was Grant Thornton Audit Pty Ltd.

	2014 $	2013 $
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
An audit or review of the financial report of the entity and any other entity in the Group	62,447	54,884
Amounts received or due and receivable by Stantons International Audit and Consulting for:		
An audit or review of the financial report of the entity and any other entity in the Group	27,000	-
Amounts received or due and receivable by Russell Bedford LC & Company for		
- an audit or review of the financial report of subsidiaries	36,357	-
Amounts received or due and receivable by Grant Thornton Malaysia for		
- an audit or review of the financial report of subsidiaries	-	41,731
Amounts received or due and receivable by auditors of group entities	125,804	96,615

NOTE 25: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Dato' Dr M Rajendran	Chief Executive
Mr. Daniel O'Connor	Non Executive Director
Mr. Chan Heng Fai	Director (non-executive) Appointed 1 July 2013
Mr. Mark Peter Collins	Chairman (non-executive) Resigned 31 July 2013
Mr. Warren Staude	Director (non-executive) Resigned 3 October 2012

(ii) Executives

Mr Kong Hon Khien	Chief Financial Officer
Mr Jay Stephenson	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to the key management personnel of the Company are as follows.

	2014 $	2013 $
Short-term employee benefits	428,989	442,229
Post-employment benefits	50,703	44,171
Total key management personnel compensation	479,692	486,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 25: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Loans to Key Management Personnel

There are no loans to directors or executives.

(c) Other transactions and balances with Key Management Personnel other than transactions disclosed in Note 20, the Company had the following transactions with Key Management Personel during the year.

	Balance at beginning of year $	Addition during the year $	Repayment $	Interest charged $	Exchange difference $	Balance at end of year $
For working capital (i)	283,074	-	283,074	-	-	-
Convertible notes (ii)	1,500,000	-	-	15,000	-	1,515,000
Total	1,783,074	-	283,074	15,000	-	1,515,000

(i) The working capital amount represents a loan from director Dato' Dr M Rajendran which was interest free.
(ii) The convertible note agreement was entered into with director Mr. Chan Heng Fai for a period of 3 years with interest charged at 1% per annum. The fair value of the convertible notes at 30 june 2014 was $1,209,087 (2013: $1,087,489).

NOTE 26: SHARE BASED PAYMENTS

Warrants issued

On 27 November 2013, 23,333,333 warrants were granted to interests associate non-executive Mr. Chan Heng 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. 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.

i) Fair value of warrants

The fair value of the warrants granted during the year to Mr. Chan Heng 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%

Options issued

On 11 June 2014, 2,000,000 options were granted to a patent consultant as approved by the board of directors. The options entitle the holder to take up ordinary shares at an exercise price of $0.10 each. The options are exercisable on or before 1 August 2017. The options have no vesting conditions, hold no voting rights and are transferable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 26: SHARE BASED PAYMENTS (continued)

i) Fair value of options

The fair value of the options granted during the year to the patent consultant was $0.0046. This value has been calculated using the Black-Scholes option pricing model applying the following inputs;

Market price of shares:	$0.045
Estimated share price volatility:	50.58%
Risk-free interest rate:	2.72%

Reconciliation of outstanding share options

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	Number of options 2014	WAEP 2014	Number of options 2013	WAEP 2013
Outstanding at 1 July	-	-	-	-
Granted during the year	25,333,333	$0.06	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at 30 June	**25,333,333**	**$0.06**	**-**	**-**
Exercisable at 30 June	25,333,333	$0.06	-	-

The options outstanding at 30 June 2014 have an exercise price in the range of $0.06 to $0.10 (2013: $nil) and weighted average remaining contractual life of 4 years (2013: nil). The weighted average share price at the date of exercise for share options exercised in 2014 was nil as no options were exercised (2013: nil).

NOTE 27: CONTINGENT LIABILITIES

The Company has no contingent liabilities at 30 June 2014.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Holista CollTech Limited (the 'Company'):
a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year then ended; and
ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
iii. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001
b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

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

Dato' Dr M Rajendran
Director

Dated this 18 day of September 2014

Stantons International Audit and Consulting Pty Ltd
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HOLISTA COLLTECH LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Holista CollTech Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2 a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Holista CollTech Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2 a).

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 d) to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2014 the consolidated entity had cash and cash equivalents totalling $1,511,648 (including restricted cash of $1,330,588), working capital of $1,811,835 and has incurred a loss before tax for the year of $3,788,673. 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.

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 18 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Holista CollTech Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001.*

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

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
18 September 2014

Additional Information for Listed Public Companies

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 4 September 2014.

1. Shareholdings

a) Substantial shareholders of Holista CollTech Limited:

Name of shareholder	Shares held
Dato' Dr M Rajendran	73,914,400
Mr Chan Heng Fai	11,666,667
Franjack Pty Ltd + Aurjoe Pty Ltd	6,726,665

b) Distribution of equity – Listed securities:

Size of holding	Number of Shareholders
1 – 1,000	236
1,001 – 5,000	238
5,001 – 10,000	107
10,001 – 100,000	173
100,001 – and over	51
	805

At the date of this report there were 559 shareholders who held less than a marketable parcel of shares holding 1,358,583 shares.

Additional Information for Listed Public Companies

c) 20 Largest Shareholders – Ordinary Shares:

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
DR. RAJENDRAN MARNICKAVASAGAR	73,914,400	52.32
HENGFAI BUSINESS DEVELOPMENT PTE LTD	11,666,667	8.26
FRANJACK PTY LTD + AURJOE PTY LTD	6,726,665	4.76
DR FATHIL MOHAMED	4,311,274	3.05
FAIRVIEW HOLDINGS PTY LTD	4,011,716	2.84
MR CHEOK HUAT AW	4,000,000	2.83
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,874,207	2.74
CHANDRA SEKARAN P PERUMAL	3,333,333	2.36
MS SARINDERJIT KAUR	3,125,000	2.21
MR RAVINDRAN GOVINDAN	2,061,119	1.46
MR KOK WAH ONG	1,817,746	1.29
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,760,000	1.25
MR CHRIS CUFFE + MRS NATASHA CUFFE	1,245,019	0.88
FAIRVIEW HOLDINGS PTY LTD	1,085,436	0.77
UOB KAY HIAN PRIVATE LIMITED	793,181	0.56
BAKERSFIELD HOLDINGS PTY LTD	786,666	0.56
MRS SHIVANI KAMALANATHAN	738,089	0.52
DMG & PARTNERS SECURITIES PTE LTD	711,666	0.50
IRSS NOMINEES (21) LIMITED	660,000	0.47
LIFESCIENCE SECURITIES LTD	600,000	0.42
	127,222,184	**90.05**

d) Stock Exchange Listing

Listed securities in Holista CollTech Limited (HCT) are quoted on all member exchanges of the Australian Securities Exchange.