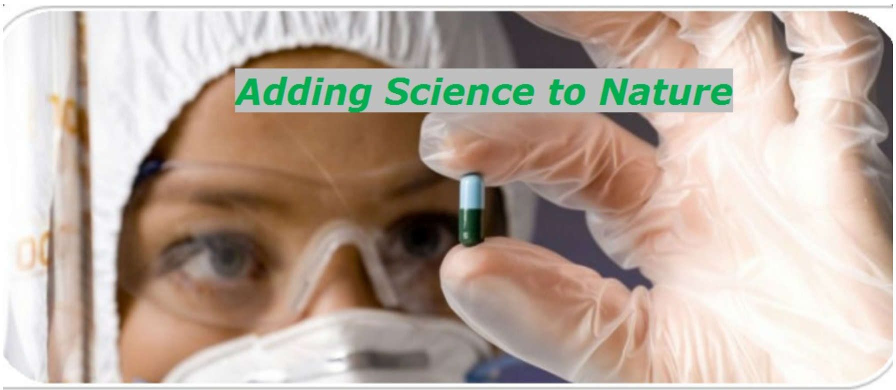
HOLISTA COLLTECH LIMITED
ABN 24 094 515 992

Annual Financial Report
30 June 2013



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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, appointed 1 July 2013

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

Grant Thornton Audit Pty Ltd
10 Kings Park Road West Perth WA 6005

Stock Exchange

Australian Securities Exchange (ASX)

ASX Code: HCT

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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 period ended 30 June 2013

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

Review of operations

During the financial year, the operations of the Company continued to be streamlined and consolidated for future growth and profitability. We continue to monitor and squeeze costs in our march to profitability.

While continuing its search for new products to be added to its portfolio, the Company remained focused on three (3) key areas:-

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

The key operational activities during the financial year were:

Collagen business
Three (3) key developments occurred within this area:

1) *Cosmetic Collagen*
Since the completion of the Company's collagen extraction facility in 2005, it has only been utilised to produce small samples of Ovicoll for marketing purposes. During the last financial year, the Company reactivated its collagen extraction facility and delivered its first 3,000 kilograms of Ovicoll 95 to Thailand. The Company also managed to secure additional 2,000 kilograms to be delivered by December 2013.Using distribution partners in South East Asia and North Asia, the Company continues to work with cosmetic manufacturers to develop new products or replace collagen into current formulations.

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

The Company has filed the world's first nano collagen patent and is now able to demonstrate producing "true nano" collagen particles that can cross the human skin. The Company has also initiated moves to commercialise this product.

The company has also been working on liposome collagen which is better absorbed across the skin.

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

All the early work was done in Malaysia. The final phase of the Research & Development is now being moved to our plant in Collie, Australia.

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Food Ingredients

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

1) *Low sodium*

The result from testing done in the University of Western Australia has proven that our low sodium salt prototype with 25% less sodium is indistinguishable from normal salt (sodium chloride).

2) *Low fat chip*

Final trials are proceeding in a large commercial producer of potato fries. We are tweaking our intervention to fit to their chip frying process.

3) *Low Glycemic Index (GI)*

We have demonstrated that our low formulation can reduce the glycemic index of a white bun sold in fast food shop to 50 earning it a Low GI tick. These tests were done and validated in the University of Sydney.

4) *Low sugar*

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

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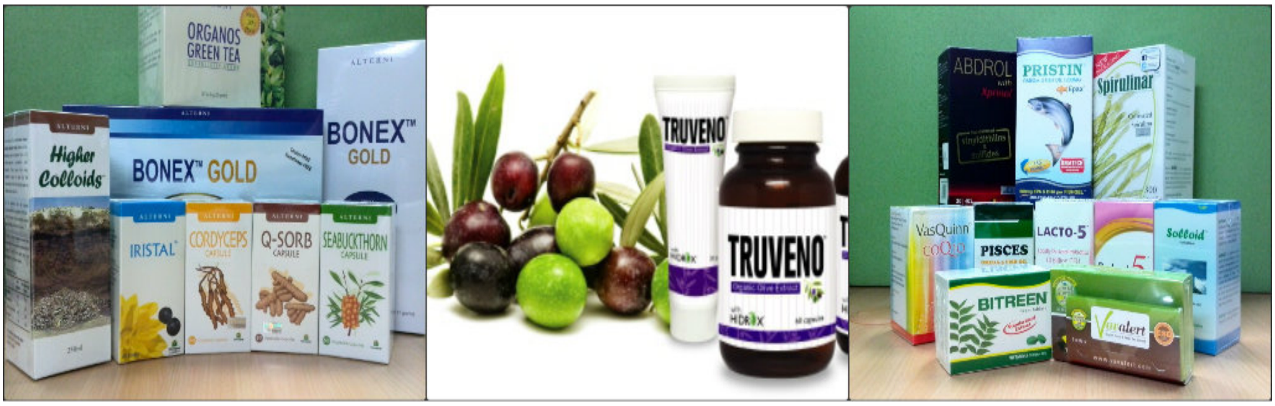
DIRECTORS' REPORT (continued)

Dietary Supplements
We have 3 areas of focus:

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

2) *ASEAN*
Working with our distribution partners, we are planning to enter into ASEAN nations.

3) *Australia and New Zealand*
We have secured 3 exclusive technology based products for this territory that is now in registration with the relevant authorities.



Operating results for the year

The Group recorded a loss of $1,700,700 from revenue of $5,261,648. Our revenue has been mainly from the Dietary Supplements business in Malaysia and some small contribution from ovine collagen business in Australia. The losses during the year are mainly due to :-

-	Extraction plant depreciation and written off	$724,504
-	Research and development cost written off	$350,017
-	Disposal of 2 units clarifiers	$ 98,690
-	Operating loss	$427,489

The Group's Dietary Supplement business will continue to be the main income contributor even though it has been constantly facing keen competition from new entrants and existing players for the past 3 years. Therefore, the Group has been relentlessly working towards commercializing its patented Food Ingredients business which will be able to contribute positively towards the Group's performance in the coming financial year.

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Financial Position
The Group's net assets decreased during the year by $1,246,381 to $2,061,297 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 2013 other than disclosed elsewhere in this Annual Report.

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DIRECTORS' REPORT (continued)

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 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.

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DIRECTORS' REPORT (continued)

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 period 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 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 - Appointed 1 July 2013
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.

DIRECTORS' REPORT (continued)

Mr Mark Peter Collins – Non executive Chairman – Resigned 31 July 2013
A Chartered Accountant of more than 30 years, Mr Collins has considerable experience and expertise in the areas of corporate, financial and business consulting across a range of industries and business enterprises.
He has held positions as Director and Company Secretary of public and private companies in Australia and overseas.

Mr Collins experience includes assisting in the development and growth of small medium enterprises, joint venture negotiations, commercial business structuring, corporate advisory/finance, public (listed) companies financial markets and Asian business consulting.

Mr Collins is Managing Director of William Buck in Western Australia and one of the firm's founding Directors. He is also Deputy Chairman of William Buck International Limited. He has a Bachelor of Business (Accounting/Finance & Economics), is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Taxation Institute of Australia, Fellow of the Australian Institute of Company Directors and a Registered Company Auditor. He is also an authorised representative under an Australian Financial Services Licence.

Mr Warren John Staude – Non-Executive Director – Resigned 3 October 2012
Mr Warren Staude is a graduate of the University of Sydney (B.Sc., geology), Macquarie University (M.Sc., mineral economics) and holds a Graduate Diploma from the Securities Institute of Australia. He is currently the representative of the Financial Services Institute of Australia (Finsia) on the Joint Ore Reserves Committee and brings to the Company a wealth of experience in the Australian financial markets.

Mr Staude has over 40 years professional experience in the mining, exploration and resource finance industries. He has worked in Government, as a private consultant and on the Academic staff at Macquarie University. He later joined the AMP Society's resource investment team, where he was involved in evaluating the operational and financial performance of numerous resource operations. He also spent some time in the stockbroking industry, before joining GIO Australia Asset Management, where he managed GIO's listed and direct resource equity investments in Australia and internationally. He is currently a non-executive director of several other listed resource companies and is a consultant with Taurus Funds Management.

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.

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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	8	8
Mr Mark Peter Collins (resigned 31/7/2013)	7	7
Mr Daniel Joseph O'Connor	8	8
Mr Warren John Staude (resigned 3/10/2012)	2	2

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	-	77,039,400

No share options of Holista CollTech Limited were granted to directors or the executive officers of the Company during or since the end of the financial year as part of their remuneration.

Mr Chan Heng Fai is the director of Hengfai Business Development Pte Ltd which 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 no 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 $17,214 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. (2012: $17,702)

Proceedings on behalf of the Group
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

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DIRECTORS' REPORT (continued)

Auditor Independence and Non-Audit Services
Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton Audit 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 25 and forms part of this Directors' Report for the year ended 30 June 2013.

Non-Audit Services
No amounts were paid or payable to the auditors for non-audit services as outlined in Note 21 to the financial statements.

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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 2013. 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

Mr Mark Peter Collins	- Non-Executive Chairman	- Appointed 01 August 2012 - Resigned 31 July 2013
Dato' Dr M Rajendran	- Managing Director and Chief Executive Officer	
Mr Daniel Joseph O' Connor	- Non-Executive Director	
Mr Warren John Staude	- Non-Executive Director	- Resigned 3 October 2012
Mr Chan Heng Fai	- Non-Executive Director	- Appointed 1 July 2013

(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.

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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 2013 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. No annual bonus payments were made during the year (2012: 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 (A$190,000)
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 (A$180,560)

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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	2013	72,000	-	-	-	-	-	72,000	-
	2012	27,000	-	-	-	-	-	27,000	-
Mr Warren John Staude	2013	9,000	-	-	-	-	-	9,000	-
(Resigned 3/10/2012)	2012	15,000	-	-	-	-	-	15,000	-
Dato'Dr Fathil Bin Mohamed	2013	-	-	-	-	-	-	-	-
(Resigned 29/11/2011)	2012	14,250	-	-	-	-	-	14,250	-
Dr Stuart Hazell	2013	-	-	-	-	-	-	-	-
(Resigned 31/01/2011)	2012	20,417	-	-	1,838	-	-	22,255	-
Mr Ben Donovan	2013	-	-	-	-	-	-	-	-
(Resigned 29/11/2011)	2012	5,500	-	-	-	-	-	5,500	-
Mr Paul Rengel	2013	-	-	-	-	-	-	-	-
(Deceased 29/09/2011)	2012	9,000	-	-	-	-	-	9,000	-
Mr Chan Heng Fai	2013	-	-	-	-	-	-	-	-
(Appointed 1/7/2013)	2012	-	-	-	-	-	-	-	-
Mr Mark Peter Collins	2013	66,000	-	-	-	-	-	66,000	-
(Appointed 1/8/2012)	2012	-	-	-	-	-	-	-	-
Dato' Dr M Rajendran	2013	191,918	-	-	36,447	-	-	228,365	-
	2012	180,760	-	-	34,346	-	-	215,106	-
Total	2013	338,918	-	-	36,447	-	-	375,365	-
	2012	271,927	-	-	36,184	-	-	308,111	-

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.

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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 Ben Donovan	2013	-	-	-	-	-	-	-	-
(Resigned 31/01/2012)	2012	40,000	-	-	-	-	-	40,000	
Mr. Kong Hon Khien	2013	61,098	2,213	-	7,724	-	-	71,035	-
	2012	55,595	-	-	6,720	-	-	62,315	-
Mr. Jay Stephenson	2013	40,000	-	-	-	-	-	40,000	-
	2012	20,000	-	-	-	-	-	20,000	-
Total	2013	101,098	2,213	-	7,724	-	-	111,035	-
	2012	115,595	-	-	6,720	-	-	122,315	-

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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 bonuses were granted to the directors during the year.

Share-based payments
There was no share-based compensation or options paid to directors or executives during the current financial year.

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.

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
27 September 2013

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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.

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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 has resigned as Chairman and Non-Executive Director of the Company effective 31 July 2013. Mr Daniel O'Connor has 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.

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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

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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 (55%)
Men (45%)

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.

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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.

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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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Auditor's Independence Declaration
To the Directors of Holista CollTech Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Holista CollTech Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 27 September 2013

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Revenue from continuing operations	2	5,261,648	5,439,652
Other income	2	221,463	51,826
Change in inventories of finished goods and work in progress	2	(35,508)	(393,378)
Raw materials and consumables used	2	(1,796,014)	(1,302,789)
Employee benefits expense		(2,002,101)	(1,824,994)
Depreciation and amortisation expense	10 & 11	(216,349)	(318,990)
Impairment		(724,500)	-
Finance costs		(313,903)	(289,300)
Other expenses	2	(2,314,933)	(1,898,898)
Profit (loss) before income tax expense		**(1,920,197)**	**(536,871)**
Income tax expense/ (benefit)	3	219,497	(4,958)
Profit/(loss) after tax from continuing operations		**(1,700,700)**	**(541,829)**
Loss for the year		**(1,700,700)**	**(541,829)**
Items which may subsequently be transferred to profit or loss			
Exchange differences on translation of foreign operations		41,817	5,423
Total comprehensive loss for the year		**(1,658,883)**	**(536,406)**
Basic earnings (loss) per share (cents per share)	5	(1.31)	(0.42)
Diluted loss per share	5	(1.31)	(0.42)

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	2013 $	2012 $
Current Assets			
Cash and cash equivalents	6	3,573,991	1,873,492
Trade and other receivables	7	1,175,170	1,675,189
Inventories	9	617,786	631,026
Other current assets	8	170,842	78,760
Total Current Assets		5,537,789	4,258,467
Non-Current Assets			
Property, plant and equipment	10	2,376,167	3,808,327
Intangible assets	11	189,219	279,088
Other financial assets	8	3,084	3,084
Total Non-Current Assets		2,568,470	4,090,499
Total Assets		8,106,259	8,348,966
Current Liabilities			
Trade and other payables	12	992,266	771,198
Borrowings	13	2,628,885	2,569,091
Other liabilities	12	327,025	388,551
Total Current Liabilities		3,948,176	3,728,840
Non-Current Liabilities			
Borrowings	13	2,096,786	1,312,448
Total Non-Current Liabilities		2,096,786	1,312,448
Total Liabilities		6,044,962	5,041,288
Net Assets		2,061,297	3,307,678
Equity			
Issued capital	14	7,966,647	7,554,145
Reserves	15	(15,922)	(57,739)
Retained earnings / (accumulated losses)	15	(5,889,428)	(4,188,728)
Total Equity		2,061,297	3,307,678

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Issued Capital $	Compound Financial Instrument $	Accumulated Losses $	Reserves $	Total $
Balance as at 1 July 2011		**7,554,145**	**-**	**(3,646,899)**	**(75,847)**	**3,831,399**
Profit (loss) for the year		-	-	(541,829)	-	(541,829)
Exchange differences arising on translation of foreign operations		-	-	-	18,108	18,108
Total comprehensive income for the year		**-**	**-**	**(541,829)**	**18,108**	**(523,721)**
Balance at 30 June 2012	**14 & 15**	**7,554,145**	**-**	**(4,188,728)**	**(57,739)**	**3,307,678**
Balance as at 1 July 2012		**7,554,145**	**-**	**(4,188,728)**	**(57,739)**	**3,307,678**
Profit (loss) for the year		-	-	(1,700,700)	-	(1,700,700)
Exchange differences arising on translation of foreign operations		-	-	-	41,817	41,817
Total comprehensive income 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	**14 & 15**	**7,554,145**	**412,502**	**(5,889,428)**	**(15,922)**	**2,061,297**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		5,025,291	4,672,958
Payments to suppliers and employees		(5,321,672)	(4,720,050)
Interest received		62,643	45,793
Finance costs		(313,904)	(259,694)
Income tax received / (paid)		219,497	(4,959)
Net cash used in operating activities	6 (ii)	**(328,145)**	**(265,952)**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		832,630	771,540
Purchase of intellectual property		(59,753)	(79,522)
Purchase of property, plant and equipment		(37,801)	(16,027)
Loan payments made to related parties		(37,105)	(234,970)
Loan payments received from related parties		-	266,427
Net cash provided by investing activities		**697,971**	**707,448**
Cash flows from financing activities			
Proceeds from borrowings		1,574,250	1,224,756
Repayment of borrowings		(364,422)	(1,462,831)
Net cash provided by/(used in) financing activities		**1,209,828**	**(238,075)**
Net increase/(decrease) in cash and cash equivalents		**1,579,654**	**203,421**
Cash and cash equivalents at beginning of period		**1,219,955**	**1,028,772**
Effect of exchange rate fluctuations on cash held		**65,374**	**(12,236)**
Cash and cash equivalents at end of period	6 (i)	**2,864,983**	**1,219,957**

The accompanying notes form part of these financial statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Holista CollTech Limited and its subsidiaries.

The financial report, except for the cash flow information, has been prepared on an accruals basis and is based on historical cost basis, except for available-for-sale investments and derivative financial instruments which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The company is a listed public company, incorporated in Australia and operating in Australia and Malaysia. The principal activities of the entities within the consolidated entity during the year involve the development, branding, distribution and sale of ovine, collage and natural health products.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011-7: Amendments to Australian Accounting Standards.

AASB 10 provides a revised definition of “control” and additional application guidance so that a single control model will apply to all investees. When adopted, this Standard is not expected to impact the Group’s financial statements.

AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). When adopted, this Standard is not expected to impact the Group’s financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity: concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. When adopted, this Standard will affect disclosures only and therefore is not expected to impact the Group’s financial statements.

AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 January 2013).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This Standard makes amendments to AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosure requirements by Australia specific paragraphs.

When adopted, these amendments are unlikely to have any significant impact on the financial statements.

(c) Statement of compliance

The financial report was authorised for issue on 27 September 2013.

The financial report Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Holista CollTech Limited is a for-profit entity for the purpose of preparing the financial statements.

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Holista CollTech Limited ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Holista CollTech Limited and its subsidiaries are referred to in this financial report as the group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to consolidate from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(o)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Statement of Profit or Loss and Other Comprehensive Income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Holista CollTech Limited. When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss

(e) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment of property, plant, equipment and intangibles:

The Group determines whether property, plant, equipment and intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the property, plant, equipment and intangibles lives are allocated. The assumptions used in this estimation of

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recoverable amount and the carrying amount of property, plant, equipment and intangibles are discussed in Note 10 and Note 11 respectively.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

(f) Going concern
The Group has reported a net loss for the year of $1,700,700 and negative cash from operating activities of $328,145. Its current assets of $5,537,789 exceed the current liabilities of $3,948,176.

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 has continued to improve on its performance which includes generating revenue from its Collagen plant in Collie, Western Australia. The signing of exclusive distribution agreements of its patented Ovine

Collagen in North Asia and South East Asia with German giant Behn Meyer and American corporation Connell Bros which has generated more than 5,000kg of orders has boosted the company's confidence in securing much higher revenue from this category in the near future.

The Group's tie with Quick Service Restaurant Holding ("QSRH") for the development of its patented Healthy Food Ingredient Business has provided another potential for the Group to generate further revenue from its Australia operation. The completion of testing with positive results on both its Low Sodium Salt and Low Glycemic Index bread has put these two products ready for commercialisation. The signing of distribution agreement with Veripan AG of Belgium on 1st May 2013 has guaranteed the roll out of its first 12,000kg of Low Glycemic Index products in the coming financial year.

The slower development than expected in both the Collagen and Healthy Food Ingredients is unavoidable as these products will involve the change of formulas in both the cosmetic and food products of its customers. Thorough Research and Development and market trials will need to be conducted before large scale of production.

The Company's latest issuance of its Convertible Note worth $1.5million is an indication that it can attract potential investors who believe in the potential of the Group especially in the Healthy Food Ingredients category.

With this positive development, the Group is hopeful of generating substantial income from its Australia operations to support its existing health supplement business in Malaysia.

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

(g) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Holista CollTech Limited.

(h) Foreign currency translation
Both the functional and presentation currency of Holista CollTech Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations of the Malaysia Subsidiaries is Malaysia Ringgit.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Holista CollTech Limited at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(i) 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.

(j) 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.

(k) 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.

(l) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.
Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 1(k).
Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset. Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) 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.
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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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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.

(n) Other taxes

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

- 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.

(o) 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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(p) 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.
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.

(q) Cash and cash equivalents

Cash comprises cash at bank and in 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 equivalents as defined above, net of outstanding bank overdrafts.

(r) 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.

(s) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(t) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(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.

(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.

(iii) 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.

(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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Derecognition of financial assets and financial liabilities

(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.

(v) Impairment of financial assets
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 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(w) 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
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.
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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Intangible assets

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.

(y) 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.

(z) 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(aa) 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.

(bb) 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.

(cc) 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.

(dd) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ee) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ff) Parent entity financial information

The financial information for the parent entity, Holista CollTech Limited, disclosed in Note 19 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: REVENUE AND EXPENSES

	2013 $	2012 $
(a) Revenue		
Sales revenue		
Sale of goods	5,199,005	5,439,652
Bank interest receivable	62,643	45,793
	5,261,648	5,485,445
(b) Other income		
Other (Profit) / loss on disposal of property, plant and equipment)	221,463	6,033
	221,463	6,033
(c) Expenses		
Net decrease in inventories	35,508	393,378
Raw materials and consumables used during production	1,796,014	1,302,789
Distribution costs	312,234	317,565
Advertising and promotion	559,766	554,131
Office expenses and maintenance	620,000	249,723
Collie factory maintenance costs	154,778	206,212
Research - current year expense (i)	213,215	84,434
Consultancy & professional services	295,887	277,361
Audit fees (note 21)	96,615	100,997
Operating lease rental expense	62,438	64,575
Other expenses	-	43,900
	2,314,933	1,898,898

(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 $124,100 is in included here.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: INCOME TAX

	2013 $	2012 $
Income tax recognised in profit or loss		
The major components of tax expense are:		
Current tax expense/(income)	219,497	(4,958)
Total tax expense/(income)	219,497	(4,958)
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit (loss) before tax from continuing operations	(1,920,197)	(536,871)
Income tax expense calculated at 30%	(576,059)	(161,061)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development tax offset	(241,292)	
Unrecognised tax losses	597,854	166,019
Difference in overseas tax rates	-	-
Income tax expense reported in the consolidated statement of comprehensive income	(219,497)	4,958

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 period.

The Group has accumulated tax losses which are in the process of being quantified and are expected to be available indefinitely for offset against future taxable profits of the companies in which the losses arose.

At 30 June 2013, there is no recognised or unrecognised deferred income tax liability (none in 2012) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture, as the Group has no liability for additional taxation should such amounts be remitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: 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 two segments operate independently and there are no intersegment sales.

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4: SEGMENT REPORTING (continued)

(e) Segment Information

(i) Segment performance

	Food Ingredients & Supplements	Sheep Collagen	Corporate	Total
	$	$	$	$
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
Reconciliation of segment revenue to group revenue				
Total Group revenue				5,261,648
Segment net profit (loss) from continuing operations before tax	(156,845)	(615,554)	(1,147,798)	(1,920,197)
Net profit (loss) before tax from continuing operations				(1,920,197)
30 June 2012				
REVENUE				
External sales	5,345,187	94,465	-	5,439,652
Interest revenue	-	-	45,793	45,793
Total segment revenue	5,345,187	94,465	45,793	5,485,445
Total Group revenue				5,485,445
Segment net profit from continuing operations before tax	850,675	(127,961)	(1,259,585)	(536,871)
Net profit before tax from continuing operations				(536,871)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: SEGMENT REPORTING (continued)

(ii) Segment assets

	Food Ingredients & Supplements	Sheep Collagen	Total
	$	**$**	**$**
30 June 2013			
Segment assets	7,089,865	3,778,614	10,868,479
Segment asset increases for the period:			
– acquisitions	-	960,185	960,185
– disposals	(609,720)		(609,720)
Reconciliation of segment assets to Group assets:			
Intersegment eliminations			(3,112,686)
Total Group assets			**8,106,258**
30 June 2012			
Segment assets	6,292,672	3,772,250	10,064,922
Segment asset increases for the period:			
– acquisitions	797,190	6,364	803,554
Reconciliation of segment assets to Group assets			
Intersegment eliminations			(2,519,510)
Total Group assets			**8,348,966**

(iii) Segment liabilities

	Food Ingredients & Supplements	Sheep Collagen	Total
	$	**$**	**$**
30 June 2013			
Segment liabilities	4,650,888	2,455,841	7,106,729
Reconciliation of segment liabilities to Group liabilities:			
Intersegment eliminations			(1,061,766)
Total Group liabilities			**6,044,963**
30 June 2012			
Segment liabilities	4,674,979	972,427	5,647,406
Reconciliation of segment liabilities to Group liabilities:			
Intersegment eliminations			(606,118)
Total Group liabilities			**5,041,288**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: 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 2013	30 June 2012
	$	$
Australia	18,387	94,465
Malaysia	5,464,725	5,397,013
Total revenue	5,483,112	5,491,478

(v) *Assets by geographical region*

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

Australia	2,786,283	1,826,098
Malaysia	5,319,976	6,522,868
Total assets	8,106,259	8,348,966

(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 5: EARNINGS PER SHARE

	2013	2012
	Cents per share	Cents per share
Basic earnings (loss) per share:		
Continuing operations	(1.31)	(0.42)
Total basic earnings (loss) per share	(1.31)	(0.42)
Net profit (Loss)	(1,700,700)	(541,829)
Diluted loss per share	(1.31)	(0.42)
Earnings (loss) from continuing operations	(1,700,700)	(541,829)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	129,603,281	129,613,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 6: CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Current		
Cash at bank and on hand	1,434,504	64,003
Security deposits	2,139,487	1,809,489
	3,573,991	1,873,492

Cash at bank earns interest at floating rates based on daily bank deposit rates.
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 2013, the Group had available $39,000 (2012: $26,465) 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	3,573,991	1,873,492
Bank overdraft	(709,008)	(653,535)
Cash and cash equivalents as per statement of cash flows	2,864,983	1,219,957

(ii) Reconciliation of profit / (loss) for the year to net cash flows from operating activities		
Profit (loss) for the year after tax	(1,700,700)	(541,829)
Depreciation and amortisation	216,349	318,990
Impairment losses	724,500	-
Write-off of capitalised expenditure	155,906	
Net gain on disposal of property, plant & equipment	(221,464)	-
- (increase)/decrease in receivables	(173,714)	(777,128)
- (increase)/decrease in inventories	13,240	351,188
- increase/(decrease) in payables	657,740	382,827
Net cash used in operating activities	(328,145)	(265,952)

(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**.**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Trade receivables	1,053,098	1,363,280
Other receivables	122,072	311,909
	1,175,170	1,675,189

(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	2013 $	2012 $
0 – 30 days	1,053,034	1,357,428
30 – 60 days	-	-
60 – 90 days	-	-
90 - 120 days	64	5,852
Total	1,053,098	1,363,280

NOTE 8: OTHER FINANCIAL ASSETS

	2013 $	2012 $
Current		
Prepayments	170,842	78,760
Non Current		
Loan – Malaysia Pharmaceutical Society	3,084	3,084

NOTE 9: INVENTORIES

	2013 $	2012 $
Raw materials - at cost	269,445	168,973
Finished goods - at cost	348,341	462,053
	617,786	631,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building $	Plant and equipment $	Total $
Year ended 30 June 2013			
At 1 July 2012, net of accumulated depreciation and impairment	2,369,811	1,438,516	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)	(135,880)	(213,679)
Foreign currency exchange differences	135,772	7,591	143,363
At 30 June 2013, net of accumulated depreciation and impairment	1,875,991	500,175	2,376,166
At 30 June 2013			
Cost	2,480,209	2,015,331	4,495,540
Accumulated depreciation and impairment	(604,218)	(1,515,156)	(2,119,374)
Net carrying amount	1,875,991	500,175	2,376,166

The useful life of the assets was estimated as follows for both 2012 and 2013:

Buildings	20 years
Plant and equipment	5 to 15 years

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2013 is $nil (2012 $ 730,083). There were no additions during the year (2012: $ 787,526) of plant and equipment held under finance leases and hire purchase contracts

The carrying value of property, plant and equipment temporarily idle is $ nil (2012 $ 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 $842,355 (2012: $842,355) are subject to a first charge to secure a loan from RHB Bank, Malaysia.

	Freehold land and building $	Plant and equipment $	Total $
Year ended 30 June 2012			
At 1 July 2011, net of accumulated depreciation and impairment	2,447,425	1,570,975	4,018,400
Additions	-	803,554	803,554
Disposals	-	(699,653)	(699,653)
Depreciation charge for the year	(77,614)	(236,338)	(313,952)
Foreign currency exchange differences	-	(22)	(22)
At 30 June 2012, net of accumulated depreciation and impairment	2,369,811	1,438,516	3,808,327

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)

At 30 June 2012			
Cost	2,886,648	3,001,070	5,887,718
Accumulated depreciation and impairment	(516,837)	(1,562,554)	(2,079,391)
Net carrying amount	2,369,811	1,438,516	3,808,327

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, plant and equipment have a carrying value of $1.443 million as at 30 June 2013. 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 recoverable amount of the facility has been determined based on a value-in-use calculation. The present value of a 5 years cash flow forecast has been used to determine whether any impairment is required should the carrying value exceed the recoverable amount. This forecast is based on known and expected sales orders from the Exclusive Distribution Agreements signed with German Giants, Behn Meyer and American Corporation, Connell Bros. Company. Existing cost and pricing structures have been applied to the forecast with growth factors. A discount rate of 12% was used based on the Group's estimated cost of capital.

Based on the above assessment, no impairment is required for this financial period.

Herbal Extraction Plant, Malaysia

This plant was purchased in 2006 for herbal extraction for the purpose of extracting herbs as raw materials to its health supplement business and any external customers who are in similar industries. This facility was originally planned to be assembled on the company's piece of land in Nilai, Malaysia. During this financial year, this land has been disposed for $840,000 at 12 November 2012. With this disposal, the herbal extraction business is no longer viable as it will incur huge cost of leasing land and factory to assemble and operate. This plant with a carrying value of $540,962 (2012: $730,083) has been fully impaired during this financial period.

NOTE 11: INTANGIBLE ASSETS

	Development	Patents and licences	Foreign exchange effect	Total
Gross carrying amount	$	$	$	$
Balance at 1 July 2011	**123,808**	**89,336**	**(8,018)**	**205,126**
Additions	11,117	67,950	-	79,067
Balance at 1 July 2012	**134,925**	**157,286**	**(8,018)**	**284,193**
Additions	-	52,765	-	52,765
Disposals	(134,925)	(18,162)	13,522	(139,565)
Balance at 30 June 2013	**-**	**191,889**	**5,504**	**197,393**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11: INTANGIBLE ASSETS (continued)

	Development	Patents and licences	Foreign exchange effect	Total
Accumulated amortisation and impairment	$	$	$	$
Balance at 1 July 2012	-	5,105	-	5,105
Balance at 1 July 2012	**-**	**5,105**	**-**	**5,105**
Amortisation expense	-	3,069	-	3,069
Balance at 30 June 2013	**-**	**8,174**	**-**	**8,174**
Net book value				
As at 30 June 2012	134,925	152,181	(8,018)	279,088
As at 30 June 2013	-	183,715	5,504	189,219

NOTE 12: TRADE AND OTHER PAYABLES

	2013 $	2012 $
Trade payables (i)	771,474	502,147
Non-trade creditors	220,792	269,051
	992,266	771,198
Other payables		
Due to director for working capital – interest free (note 22(d))	283,074	320,179
Unearned income	43,951	68,372
	327,025	388,551

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

	2013 $	2012 $
Secured		
Bank overdraft	709,008	653,535
Total secured borrowings	709,008	653,535

NOTE 13: INTEREST-BEARING LOANS AND BORROWINGS

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

	2013 $	2012 $
Bank overdraft	748,008	680,000
Bank loan	813,071	787,667
Trade facilities	1,502,570	1,453,713
Convertible notes	1,087,498	-
Finance lease	622,203	986,624
	4,773,350	3,908,004

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: INTEREST-BEARING LOANS AND BORROWINGS (continued)

	2013 $	2012 $
Facilities used at balance date		
Bank overdraft	709,008	653,535
Bank loan	813,071	787,667
Trade facilities	1,502,570	1,453,713
Convertible notes	1,087,498	-
Finance lease	622,203	986,624
	4,734,350	3,881,539
Facilities unused at balance date		
Bank overdraft	39,000	26,465
Bank loan	-	-
Trade facilities	-	-
	39,000	26,465
Total facilities	4,773,350	3,908,004
Facilities used at balance date	(4,734,350)	(3,881,539)
Facilities unused at balance date	39,000	26,465

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	3,573,991	1,873,492
Total assets pledged as security	3,573,991	1,873,492
Non-Current		
First mortgage		
Freehold land and buildings	999,407	1,405,846
Floating charge		
Inventories	617,786	631,026
Fixed deposits	-	-
Total non-current assets pledged as security	1,617,193	2,036,872
Total assets pledged as security	5,191,184	3,910,364

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: INTEREST-BEARING LOANS AND BORROWINGS (continued)

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

		2013 $	2012 $
Current			
Secured			
Bankers acceptance		821,904	835,112
Revolving credit		680,666	618,601
Bank overdraft		709,008	653,535
Credit card		(8,677)	2,763
Financial leases		372,242	414,080
Term loans:	(1)	34,245	29,000
	(2)	19,498	16,000
		2,628,885	2,569,091
Non-Current			
Secured			
After 1 year but not later than 5 years			
Term loans:	(1)	136,979	113,640
	(2)	77,991	57,539
Financial leases		249,961	572,544
Convertible notes	(a)	1,087,498	-
		1,552,429	743,723
After 5 years			
Term loans:	(1)	527,570	522,047
	(2)	16,789	46,678
		544,359	568,725
Redeemable preference share loan		-	-
		2,096,788	1,312,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: INTEREST-BEARING LOANS AND BORROWINGS (continued)

The borrowing of the Group and the Company are secured by the followings:-

Term loan (1):

As principal Instrument, an "all monies" Facilities Agreement stamped to the amount of facilities advanced;

First party Absolute Assignment of all rights, interest, title and benefits in and to property beneficially owned by a Subsidiary Company;

Corporate Guarantee by subsidiary company for $850,832; and

Personal Guarantee for $850,832 by a Director of the subsidiary company.

Term Loan (2) and revolving credit:

1) As principal Instrument, a Facilities Agreement for the sum of $850,832;
2) A registered open all monies 3rd party 1st legal charge stamped nominally over a freehold double storey corner residential property.
3) Memorandum of Deposit of Fixed Deposit totalling $850,832:
4) Personal Guarantee by Director of the Subsidiary Company: and
5) Fixed and floating debenture of a subsidiary company.

Bankers' Acceptance and bank overdraft:

1) Facility Agreement;
2) Pledge of fixed deposits with licensed banks;
3) Memorandum of Deposit and letter of set off;
4) Corporate Guarantee by a subsidiary company; and
5) Joint and several guarantees from certain Directors.

The bankers acceptance and bank overdraft bear interest of 4.24% to 9.24% (2012: 4.77% to 8.42%).
The revolving credit bears interest rates of 7.52% to 7.82% (2012: 6.85% to 7.13%)
The term Loan (1) is repayable over 240 monthly instalments (principal plus interest) of $5,210 which commenced on 1st of July 2008. The term loan bears interest rates ranging from 5.34% to 7.54% (2012: 4.86% to 6.87%) per annum.
The term Loan (2) is repayable over 96 monthly instalments (principal plus interest) of $2,055 which commenced on 12th February 2010. The term loan bears interest rates ranging from 7.76% to 8.09% (2012: 7.07% to 7.37%) per annum.
The term Loan (3) is repayable over 36 monthly instalments from the date of first disbursement (principal plus interest) of $7,732 (months 5-12), $18,559 (months 13-24) and $27,837 (months 25-36) which commenced in February 2010. The term loan bears interest rates ranging from 7.70% (2012: 7.02%) per annum.

(a) Convertible notes

The parent entity issued 1,500,000 convertible notes for $1.5 million on 17 June 2013. 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 balance sheet as follows:

	2013 $	2012 $
Face value of notes issued	1,500,000	-
Other equity securities – value of conversion rights	(412,502)	-
Non-current liability	1,087,498	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 14: ISSUED CAPITAL

	2013 $	2012 $
129,603,281 Ordinary shares issued and fully paid	7,554,145	7,554,145
1,500,000 Convertible notes – value of conversion rights	412,502	-
	7,966,647	7,554,145

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.

	2013		2012	
	No. $	$ $	No. $	$ $
Movement in ordinary shares on issue				
Balance at beginning of financial year	129,603,281	7,554,145	129,603,281	7,554,145
Balance at end of financial year	129,603,281	7,554,145	129,603,281	7,554,145

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 (2012: nil).

NOTE 15: RETAINED EARNINGS AND RESERVES

Retained earnings (Accumulated Losses)
Movements in retained earnings were as follows:

	2013 $	2012 $
Balance at beginning of financial year	(4,188,728)	(3,646,899)
Net profit (loss) for the year	(1,700,700)	(541,829)
Balance at end of financial year	(5,889,428)	(4,188,728)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: RETAINED EARNINGS AND RESERVES (continued)

Reserves
Movements in reserves were as follows:

	Foreign Currency translation reserve $	Total $
At 30 June 2012	(57,739)	(75,847)
Currency translation differences	41,817	18,108
At 30 June 2013	(15,922)	(57,739)

Nature and purpose of reserves
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.

NOTE 16: 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 retained earnings.
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.

	2013 $	2012 $
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents (i)	3,573,991	1,873,492
Trade and other receivables	1,175,170	1,675,189
Financial liabilities (at amortised cost)		
Trade and other payables	992,266	771,198
Borrowings (current and non-current)	4,725,672	3,881,539
Other financial liabilities (note 22(d))	283,074	320,179

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(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 utiliseing 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	
	2013	2012	2013	2012
	$	$	$	$
Malaysian ringgit	4,602,960	4,596,767	4,055,730	3,880,165

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.

	RM impact			
	Consolidated		Company	
	2013	2012	2013	2012
	$	$	$	$
Profit or loss (i)	372,742	821,306	-	-
Other equity (ii)	228,296	281,068	-	-

(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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(ii) Interest rate risk management (continued)

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 (2012: $15,000). 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.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

(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 $
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
	937,003	588,694	720,513	2,814,185	1,318,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(f) Liquidity risk management (continued)

	Less than 1 Month $	1-3 Months $	3 months-1 year $	1-5 years $	5+ years $
2012					
Non-interest bearing	-	12,372	61,860	245,947	-
Finance lease liabilities	1,290	2,581	9,032	-	-
Variable interest rate instruments	82,789	247,853	909,344	3,063,314	680,461
Fixed interest rate instruments	23,135	46,269	208,210	403,149	352,058
	107,214	309,075	1,188,446	3,712,410	1,032,519

NOTE 17: COMMITMENTS AND CONTINGENCIES

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 3 year lease entered into in February 2011 for a Warehouse in Malaysia. The rent for this site is $8,666 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 $3,773 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 $2,666 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	
	2013 $'	2012 $	2013 $	2012 $
Within one year	17,861	61,913	9,793	9,793
After one year but not more than five years	39,433	105,609	39,171	39,172
After five years	58,848	113,833	58,848	68,551
	116,142	281,355	107,812	117,516

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:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: COMMITMENTS AND CONTINGENCIES (continued)

Consolidated	2013 *Minimum Lease Payments* *$'*	2013 *Present value Of lease Payments* *$*	2012 *Minimum Lease Payments* *$*	2012 *Present value Of lease Payments* *$'*
Within one year	431,023	404,810	522,944	414,080
After one year but not more than five years	263,758	215,004	638,665	572,544
Total minimum lease payments	694,781	619,814	1,161,609	986,624
Less amounts representing finance charges	(72,579)	-	(174,985)	-
Present value of minimum lease payments	622,203	619,814	986,624	986,624

Capital commitments
At 30 June 2013 the Group has no commitments that have not otherwise been booked as a liability. (2012 $ Nil)

NOTE 18: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Holista CollTech Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	Equity Interest (%) 2013	Equity Interest (%) 2012	Investment ($) 2013	Investment ($) 2012
Holista Biotech Sdn Bhd	Malaysia	100	100	1,952,516	1,952,516
Total Health Concept Sdn Bhd	Malaysia	100	100	-	-
Alterni (M) Sdn Bhd	Malaysia	100	100	-	-
Tropical Botanics Sdn Bhd	Malaysia	100	100	-	-

(b) Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Purchase of goods and services				
Legal services fee paid to Sumita K & Associates for provision of legal advice. Mrs Sumita's husband is a director of Holista CollTech Limited	7,587	7,511	-	-
Director fee paid to Sumita	11,381	11,267		
Accounting fees paid to William Buck. Mark Collins is a director of Holista CollTech Limited	11,900	-	-	-
Director fee paid to Mark Collins	6,000	-	-	-
	36,868	18,778	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: 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 2013 $	30 June 2012 $
Assets		
Current assets	1,284,891	81,903
Non-current assets	3,453,909	3,696,711
Total assets	4,738,800	3,778,614
Liabilities		
Current liabilities	1,368,343	894,833
Non-current liabilities	1,087,498	77,593
Total liabilities	2,455,841	972,426
Net Assets	**2,282,959**	**2,806,188**
Equity		
Issued capital	6,475,573	6,063,070
Accumulated losses	(4,192,614)	(3,256,882)
Reserves		
Total Equity	**2,282,959**	**2,806,188**

Financial performance

	Year ended 30 June 2013 $'	Year ended 30 June 2012 $'
Profit (loss) for the year	(935,731)	(800,428)
Other comprehensive income	-	-
Total comprehensive income (loss)	(935,731)	(800,428)

NOTE 20: 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21: AUDITOR'S REMUNERATION

The auditor of Holista CollTech Limited for the 2013 year is Grant Thornton Audit Pty Ltd. The 2012 auditor of Holista CollTech Limited was Grant Thornton Audit Pty Ltd.

	2013 $	2012 $
Amounts received or due and receivable by auditors for:		
An audit or review of the financial report of the entity and any other entity in the Group	54,884	57,950
Amounts received or due and receivable by Grant Thornton Malaysia for		
- an audit or review of the financial report of subsidiaries	41,731	43,027
Amounts received or due and receivable by auditors of group entities	96,615	100,977

NOTE 22: 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.

	2013 $	2012 $
Short-term employee benefits	442,229	387,522
Post-employment benefits	44,171	42,904
Total key management personnel compensation	486,400	430,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel

Ordinary shares held in Holista CollTech Limited (number)

30 June 2013	Balance at beginning of period	Granted as remuneration	On Exercise of Option	Net Change Other	Balance at end of period
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 Stepheson	-	-	-	-	-
	77,039,400	-	-	-	77,039,400

30 June 2012	Balance at beginning of period	Granted as remuneration	On Exercise of Option	Net Change Other	Balance at end of period
Directors					
Dato' Dr M Rajendran	77,039,400	-	-	-	77,039,400
Mr Daniel O'Connor	-	-	-	-	-
Mr Warren Staude	-	-	-	20,750	20,750
Executives					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stepheson	-	-	-	-	-
	77,039,400	-	-	20,750	77,060,150

(c) Loans to Key Management Personnel

There are no loans to directors or executives.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Other transactions and balances with Key Management Personnel

	Balance at beginning of period $	Addition during the year $	Repayment $	Interest charged $	Exchange difference $	Balance at end of period $
For working capital	320,179	10,248	(47,353)	-	-	283,074
Convertible notes	-	1,500,000	-	-	-	1,500,00
Total	320,179	1,510,248	(47,353)	-	-	1,783,074

The working capital balance represents a loan from a director which is interest free.

The convertible note agreement was entered into with a director for a period of 3 years with interest charged at 1% per annum.

NOTE 23: DIFFERENCES FROM PRELIMINARY REPORT

In accordance with ASX Listing Rule 4.5A, set out below are certain differences between information contained in the Appendix 4E lodged with the ASX and this financial report.

At the time of lodging the Preliminary Final Report, the Australian Accounting Standards Board accounting standard AASB 132, Financial statements: Presentation, had not been applied when applying the discount interest rate to the equity component of the convertible notes. Further review revealed that the appropriate rate is that of an instrument with comparable credit status but without any conversion option. In this instance the average rate of an unsecured business loan at 12.56% better reflects the standard’s requirements than the 5 year Australian government bond rate of 3.17% as used in the Preliminary Report.

Unrecorded liabilities of $100,000 were identified during the audit procedure in relation to an arrangement fee for the convertible notes and accounting fees. An accrual of this amount to trade payables was required to record these as part of the 2013 financial year.

These amendments have no impact on the 30 June 2012 financial results. As a result of this, the following differences between the Preliminary Final Report and this Financial Report have arisen.

The loss from ordinary activities after tax attributable to members has increased from a loss of $1,600,700 to $1,700,700. This is due to the accrual of $100,000 in trade and other payables. Total Equity has increased from $1,810,565 to $2,061,297 due to the change in the discount rate applied to the convertible note in order to calculate the equity component from the financial liability component.

Earnings per share have decreased from ($1.23) to ($1.31) cents.

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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 2013 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 2013.

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

Dato' Dr M Rajendran
Director

Dated this 27 day of September 2013

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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 (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company'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.

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 2013 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern
Without qualification to the audit opinion expressed above, we draw attention to Note 1 (f) to the financial report, which indicates that the consolidated entity incurred a net loss of $1,700,700 and net cash outflows from operating activities of $328,145 during the year ended 30 June 2013. These conditions, along with other matters as set forth in Note 1 (f), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report
We have audited the remuneration report included in pages 12 to 17 of the directors' report for the year ended 30 June 2013. 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.

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Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Holista CollTech Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 27 September 2013

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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 5 September 2013.

1. Shareholdings

a) Substantial shareholders of Holista CollTech Limited:

Name of shareholder	Shares held
Dato' Dr M Rajendran	77,039,400
Franjack Pty Ltd + Aurjoe Pty Ltd	6,726,665

b) Distribution of equity – Listed securities:

Size of holding	Number of Shareholders
1 – 1,000	239
1,001 – 5,000	247
5,001 – 10,000	113
10,001 – 100,000	184
100,001 – and over	52
	835

At the date of this report there were 535 shareholders who held less than a marketable parcel of shares holding 1,088,369 shares.

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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 R Marnickavasagar	77,039,400	59.44
Franjack Pty Ltd + Aurjoe Pty Ltd	6,726,665	5.19
Dr F Mohamed	4,311,274	3.33
Mr C H Aw	4,000,000	3.09
HSBC Custody Nominees (Australia) Limited	3,971,707	3.06
Chandra Sekaran P Perumal	3,333,333	2.57
Fairview Holdings Pty Ltd	2,743,290	2.12
Mr R Govindan	2,061,119	1.59
DBS Vickers Securities (Singapore) PTE Ltd	1,915,000	1.48
Mr K W Ong	1,817,746	1.40
Mr C Cuffe + Mrs N Cuffe	1,245,019	0.96
Bond Street Custodians Limited	893,334	0.69
Mr H Singh	850,000	0.66
Bakersfield Holdings Pty Ltd	786,666	0.61
DMG & Partners Securities PTE Ltd	711,666	0.55
Citicorp Nominees Pty Limited	704,666	0.54
IRSS Nominees (21) Limited	660,000	0.51
UOB Kay Hian Private Limited	612,181	0.47
Tristesse Pty Ltd	605,553	0.47
Lifescience Securities Limited	600,000	0.46
	115,588,619	89.19

d) Stock Exchange Listing

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