

HOLISTA COLLTECH

ABN 24 094 515 992

APPENDIX 4D

Interim Financial Report

30 June 2017

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HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 24 094 515 992

APPENDIX 4D

Interim Financial Report

31 December 2016

Corporate directory

Current Directors

Dr Rajen Manicka *Managing Director and Chief Executive Officer*

Mr Daniel Joseph O'Connor *Non-executive Director*

Mr Chan Heng Fai *Non-executive Director*

Joint Company Secretary

Mr Jay Stephenson

Ms Julia Beckett

Registered Office

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SUBIACO WA 6008

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Email: enquiries@holistaco.com

Website: www.holistaco.com

Share Registry

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

PERTH WA 6000

Telephone: 1300 850 505 (investors within Australia)

Telephone: +61 (0)3 9415 4000

Email: web.queries@computershare.com.au

Website: www.investorcentre.com

Securities Exchange

Australian Securities Exchange

Level 40, Central Park, 152-158 St Georges Terrace

Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

Facsimile: +61 (0)2 9227 0885

Website: www.asx.com.au

ASX Code HCT

Bankers

National Australia Bank

100 St Georges Terrace, Perth WA 6000

Auditors

Stantons International

Street: Level 2, 1 Walker Avenue

WEST PERTH WA 6005, AUSTRALIA

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Results for Announcement to the Market

for the half-year Ended 30 June 2017

1 REPORTING PERIOD (item 1)	
■ Report for the period ended:	30 June 2017
■ Previous corresponding period is half-year ended:	31 December 2016

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET	Movement	Percentage %	Amount \$
■ Revenues from ordinary activities (item 2.1)	↓	(0.83) to	3,686,138
■ Profit / (loss) from ordinary activities after tax attributable to members (item 2.2)	↓	(1,680.05) to	(2,627,125)
■ Profit / (loss) for the period attributable to members (item 2.3)	↓	(1,680.05) to	(2,627,125)
a. Dividends (items 2.4 and 5)		Amount per Security ¢	Franked amount per security %
■ Interim dividend		nil	n/a
■ Final dividend		nil	n/a
■ Record date for determining entitlements to the dividend (item 2.5)	n/a		
b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):			
1. Revenue represents interest earned (no interest bearing accounts in prior period). Profit is the result of reversing the share based payments expenses booked in the prior period relating to lapsed and/or revalued performance shares.			

3 DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS
Nil.
a. Details of dividend or distribution reinvestment plans in operation are described below (item 6):
Not applicable

4 RATIOS	Current period	Previous corresponding period
a. Financial Information relating to 4b:	\$	\$
Earnings for the period attributable to owners of the parent	(2,627,125)	166,268
Net assets	3,210,936	3,109,378
Less: Intangible assets	(347,381)	(321,986)
Net tangible (liabilities)/assets	2,863,555	2,787,392
	No.	No.
Fully paid ordinary shares	181,054,953	171,708,921
	¢	¢
b. Net tangible (liability)/assets backing per share (cents) (item 3):	1.582	1.623

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Results for Announcement to the Market

for the half-year Ended 30 June 2017

5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)	
a. Control gained over entities	
■ Name of entities (item 4.1)	HF PreIPO Fund I LLC
■ Date(s) of gain of control (item 4.2)	01/01/2017
b. Loss of control of entities	
■ Name of entities (item 4.1)	Nil
■ Date(s) of gain of control (item 4.2)	n/a
c. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3).	(27)
d. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	n/a

6 DETAILS OF ASSOCIATES AND JOINT VENTURES: (item 7)		
■ Name of entities (item 7)	Nil	
■ Percentage holding in each of these entities (item 7)	N/A	
		Current period Previous corresponding period
■ Aggregate share of profits (losses) of these entities (item 7)		N/A N/A

7 The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.

8 The report is based on accounts which are have been reviewed by the Company’s independent auditor (item 9) and contain the following emphasis of matter:

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

As referred to in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2017 the consolidated entity had cash and cash equivalents totalling \$35,499, available working capital excluding other assets (Ref Note 11) of \$252,149 and has made a loss before tax of \$2,674,205.

The ability of the Company and consolidated entity to continue as going concerns is subject to the future profitability, the ability of management to collect the receivables and sell the inventory. In the event that the consolidated entity is not successful in being profitable, collecting the receivables and selling the inventory, the Company and the consolidated entity may not be able to meet their liabilities as and when they fall due and the realisable value of the Company’s and the consolidated entity’s assets may be significantly less than book values.”

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Directors' report

Your directors present their report on the consolidated entity, consisting of Holista Colltech Limited (**Holista Colltech or the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 30 June 2017. These results represent the first interim period since the company changed its financial year end to 31 December.

1. Directors

The names of Directors in office at any time during or since the end of the half-year are:

- Dr Rajen Manicka Managing Director and Chief Executive Officer
- Mr Daniel Joseph O'Connor Non-executive Director
- Mr Chan Heng Fai Non-executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. Operating and financial review

2.1. Operations Review

During the financial period, the Group remained focused on three core areas:

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

Dietary Supplements

Dietary Supplements remain the Group's main income contributor during the financial period with a strong distribution network throughout Malaysia. Market conditions in Malaysia continue to be challenging due to the impact on customers purchasing power caused by inflation.

For this segment, revenue decreased by 3.8% to \$3,503,538 for the six months ended 30 June 2017, as compared to \$3,641,576 from the previous six months ending 31 December 2016.

The Group has implemented initiatives to increase its presence in the Dietary Supplements market. In the period under review, we released a new dietary supplement product, PRISTIN® GOLD, in Malaysia. PRISTIN® GOLD contains Omega-3 benefits in fewer servings. The fish oil is imported from EPAX AS, Norway and it is encapsulated in fish gelatin capsule by Eurocaps Ltd, UK.

On 8 March 2017, the Group launched iNContro™ (**iNContro**) in Kuala Lumpur. iNContro is an all-natural spinach extract which helps reduce hunger and food cravings.

The Group is also supplying raw material to multi-level marketing companies. We will continue to source for new potential products in the next financial year.

Healthy Foods Ingredients

During the financial period, the Group focused on:

- Glycemic Index (GI) Reducer
- Low-GI Sugar

In the period under review, the Group's focus area was Holista's GI reducer, a formula which consists of barley, dhal, fenugreek and okra, which dramatically reduces blood sugar levels when added to white flour without changing the taste or texture of the final product.

We have made significant progress with our GI reducer which includes a partnership with Veripan Ingredients AG (**Veripan**), the largest independent bakery supplier based in Europe, to develop and market PANTURA®GI, an all-natural sourdough. White bread made with PANATURA®GI has been proven to achieve a significantly low-GI reading of 55.

On 3 March 2016, we began a partnership with Nadja Foods LLC (**Nadja Foods**) to co-develop clean-label low-GI muffins for distribution in U.S. and Canada. On 6 April 2016, Holista extended this partnership with Nadja Foods to include bagels, brownies and croutons.

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Directors' report

On 12 July 2016, our U.S. subsidiary Litefood Inc (**Litefood**) announced the formation of a 51-49 joint venture company, Holista Foods, with Nadja Foods to distribute our low-GI product in North America. Holista Foods has food manufacturing operations in the U.S. and Canada. It will be run by Nadja Piatka as CEO.

This is a landmark partnership as North America is well known to be the home of fast-food chains – entering this market will present opportunities for the Group to generate income from this area in the near future. According to research by Statista, baked goods account for over US\$22.15 billion in retail sales across North America.

On 21 October 2016, Holista Foods secured its first major collaboration following the announcement of a Research and Development collaboration with Wing's Food Products (**Wing's**) – a major North American noodle manufacturer – to develop the world's first low-GI noodles. Once validated, Wing's and Holista Foods will enter a commercial agreement to distribute the low-GI noodles in to the North American market.

According to Statista, 50% of the world's wheat is consumed as noodles, led by China and Indonesia. In the United States alone, the noodle market is worth US\$270 million. In 2015, the global demand for instant noodle amounted to 103.58 billion servings.

On 6 January 2017, we announced the collaboration with 2016 Nobel Prize Nominee, Daryl Thompson, to file a patent for the world's first low-GI sugar made out of all natural ingredients. Unlike other alternatives, our natural low-GI sugar can be melted, baked and caramelized for use in all cooking applications.

The potential impact of our low-GI sugar could be significant as it can replace sugar in its many industrial applications with minimal formulation challenges. As the product is made from natural ingredients, it is unlikely to face regulatory hurdles. The Group expects to launch the product in the first half of 2018.

Having achieved significant progress with our GI Reducer, the next food ingredients which the group will focus on developing will be the Low-Sodium Salt, Low-Fat Chip and Low-GI Sugar.

Sheep Collagen (Ovine)

This area of business registered an increase during this financial period due to the seasonal nature of cosmetic collagen. We delivered 3,510kg of collagen during these 6 months as compared with 1,520kg in the previous reporting period.

On 3 April 2017, the Group announced that it will supply collagen sourced from disease-free Australian sheep to units of Australia's Keneric Medical Supplies Pty Ltd which will develop products targeted at the multibillion U.S. dollar global medical collagen market. This agreement marked the entry of Holista into the premium high-purity global medical-grade collagen market.

We had shut down the plant in March for the trials on the medical grade collagen. We produced 2 tonnes but this cannot be shipped as it is pending ISO certification. We also had another 3 week shutdown preparation of the food grade collagen.

According to the U.K. biotechnology market research group Meticulous Research, the global collagen market is expected to grow at a compounded annual rate of 6.3% from 2015 to reach US\$3.97 billion by 2020. The world largest collagen market is China. Collagen forms a critical component of Traditional Chinese Medicine. It also popular with Chinese people who reside outside China.

On 21 August 2017, the Group announced that it has begun a \$1 million retrofit of its facility in Collie, Western Australia, to prepare for production of halal-certified food-grade collagen.

Following the completion of the retrofitting by the end of November 2017 and "halal" certification, the capacity at the Collie plant will be an additional 4 tonnes of food-grade collagen per month, to supplement our 1-2 tonnes of cosmetic grade collagen we currently produce.

Sale of food collagen will commence with a unique collaboration with iGalen a global network marketing company headquartered in San Diego. iGalen source all its bio-pharmaceutical and dietary supplement products exclusively from Holista. Beyond supplying to iGalen, Holista intends to market food collagen to the food supplement industry.

Among sources of mammalian collagen (warm blooded like human beings), collagen from sheep does not have the religious or cultural sensitivities compared to collagen from cows or pigs (shunned by certain religious groups). The use of ovine collagen can also avoid the potential of "mad cow" disease or avian diseases (associated with chickens). Australian sheep grade is certified by the U.S. Department of Agriculture to be free from disease.

2.2. Financial Review**a. Operating results**

For the half-year ended 30 June 2017 the Group delivered a loss before tax of \$2,674,205 (31 December 2016: \$227,246 profit) as a result of increase in non-cash share based payment of \$2,054,580 (in employee benefits expense and share-based payments), and research and development expenditure. In addition revenue is marginally lower due to January typically being a slower production period in Australia and February is affected by Chinese New Year whereby sales are slower in Asia.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1a.iii Statement of significant accounting policies: Going Concern on page 11.

b. Financial position

The net assets of the Group have increased from 31 December 2016 by \$101,558 to \$3,210,936 at 30 June 2017 (31 December 2016: \$3,109,378).

As at 30 June 2017, the Group's cash and cash equivalents decreased from 31 December 2016 by \$22,606 to \$35,499 (31 December 2016: \$58,105) and had working capital of \$252,149 (31 December 2016: \$585,293 working capital).

2.3. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 21 Events subsequent to reporting date.

2.4. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 30 June 2017 has been received and can be found on page 6 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001* (Cth).

**DR RAJEN MANICKA**

Managing Director

Dated this Thursday, 31 August 2017

31 August 2017

Board of Directors
Suite 12, Level 1
11 Ventnor Avenue,
West Perth, WA 6005

Dear Directors

RE: HOLISTA COLLTECH LIMITED

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

As the Audit Director for the review of the financial statements of Holista CollTech Limited for the half year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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

Samir Tirodkar
Director

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Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 30 June 2017

	Note	6 months to 30 June 2017 \$	6 months to 31 December 2016 \$
<i>Continuing operations</i>			
Revenue	4	3,686,138	3,716,876
Other income	4	282,344	351,404
		3,968,482	4,068,280
Change in inventories of finished goods and work in progress		(237,321)	(51,263)
Raw materials and consumables used		(1,704,945)	(1,486,996)
Depreciation and amortisation		(121,305)	(70,532)
Employment costs		(1,150,253)	(877,867)
Finance costs		(48,299)	(34,032)
Share-based payments expense	18	(1,179,694)	(6,943)
Share of net loss of joint ventures		(114,985)	(6,224)
Research and development		(372,610)	(65,237)
Advertising and promotion		(191,763)	(288,020)
Impairment		(52,002)	-
Other expenses	5	(1,469,510)	(953,920)
Profit / (loss) before tax		(2,674,205)	227,246
Income tax benefit / (expense)	6	-	(63,388)
Net profit / (loss) for the half-year		(2,674,205)	163,858
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss			
□ Foreign currency movement		(18,752)	(197,639)
Other comprehensive income for the half-year, net of tax		(18,752)	(197,639)
Total comprehensive income attributable to members of the parent entity		(2,692,957)	(33,781)
<i>Profit/(loss) for the period attributable to:</i>			
■ Non-controlling interest		(47,080)	(2,410)
■ Owners of the parent		(2,627,125)	166,268
<i>Total comprehensive income/(loss) attributable to:</i>			
■ Non-controlling interest		(47,080)	(8,012)
■ Owners of the parent		(2,645,877)	(25,769)
<i>Earnings per share:</i>			
Basic profit/(loss) loss per share (cents per share)	7	¢ (1.49)	¢ 0.10
Diluted profit/(loss) per share (cents per share)	7	N/A	0.09

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

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APPENDIX 4DInterim Financial Report
30 June 2017**HOLISTA COLLTECH LIMITED**

AND CONTROLLED ENTITIES

ABN 24 094 515 992

Condensed consolidated statement of financial position

as at 30 June 2017

	Note	30 June 2017 \$	31 December 2016 \$
<i>Current assets</i>			
Cash and cash equivalents	8	35,499	58,105
Trade and other receivables	9	1,831,598	2,040,254
Inventories	10	638,281	891,340
Other current assets	11	1,309,910	596,101
Total current assets		3,815,288	3,585,800
<i>Non-current assets</i>			
Property, plant, and equipment	12	1,459,358	1,569,356
Intangible assets	13	347,381	321,986
Investment accounted using the equity method		244,725	111,019
Deferred tax asset		96,612	99,085
Other non-current assets	11	-	360,174
Total non-current assets		2,148,076	2,461,620
Total assets		5,963,364	6,047,420
<i>Current liabilities</i>			
Trade and other payables	14	1,995,317	1,672,621
Borrowings	15	275,379	718,700
Current tax liabilities	6b	(23,983)	6,569
Provision for employee entitlements		6,516	6,516
Total current liabilities		2,253,229	2,404,406
<i>Non-current liabilities</i>			
Deferred tax liability		-	770
Borrowings	15	499,199	532,866
Total non-current liabilities		499,199	533,636
Total liabilities		2,752,428	2,938,042
Net assets		3,210,936	3,109,378
<i>Equity</i>			
Issued capital	16a	11,359,467	10,798,705
Reserves	17	3,932,471	1,896,643
Accumulated losses		(12,005,549)	(9,378,424)
Non-controlling interest		(75,453)	(207,546)
Total equity		3,210,936	3,109,378

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity
for the half-year ended 30 June 2017

Note	Issued Capital \$	Share-based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non-controlling Interest (NCI) \$	Total \$
<i>Balance at 1 July 2016</i>	10,670,515	2,265,730	(183,993)	(9,544,692)	(199,534)	3,008,026
Loss for the half-year attributable owners of the parent	-	-	-	166,268	(2,410)	163,858
Other comprehensive income for the period attributable owners of the parent	-	-	(192,037)	-	(5,602)	(197,639)
Total comprehensive income for the half-year attributable owners of the parent	-	-	(192,037)	166,268	(8,012)	(33,781)
<i>Transaction with owners, directly in equity</i>						
Shares issued during the half-year	128,190	-	-	-	-	128,190
Options granted during the period	-	6,943	-	-	-	6,943
Balance at 31 December 2016	10,798,705	2,272,673	(376,030)	(9,378,424)	(207,546)	3,109,378
<i>Balance at 1 January 2017</i>	10,798,705	2,272,673	(376,030)	(9,378,424)	(207,546)	3,109,378
Loss for the half-year attributable owners of the parent	-	-	-	(2,627,125)	(47,080)	(2,674,205)
Other comprehensive income for the half-year attributable owners of the parent	-	-	(18,752)	-	-	(18,752)
Total comprehensive income for the half-year attributable owners of the parent	-	-	(18,752)	(2,627,125)	(47,080)	(2,692,957)
<i>Transaction with owners, directly in equity</i>						
Shares issued during the half-year	560,762	-	-	-	-	560,762
Options granted during the period	-	2,054,580	-	-	-	2,054,580
NCI upon acquisition of subsidiary	-	-	-	-	179,173	179,173
Transaction costs	-	-	-	-	-	-
Balance at 30 June 2017	11,359,467	4,327,253	(394,782)	(12,005,549)	(75,453)	3,210,936

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

APPENDIX 4DInterim Financial Report
30 June 2017**HOLISTA COLLTECH LIMITED**

AND CONTROLLED ENTITIES

ABN 76 149 278 759

Condensed consolidated statement of cash flows

for the half-year ended 30 June 2017

Note	30 June 2017 \$	31 December 2016 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	4,235,035	3,716,876
Payments to suppliers and employees	(3,432,708)	(3,331,165)
Interest received	6,167	5,901
Finance costs	(48,299)	(24,080)
Other revenue	270,373	37,825
Net income tax received	(28,850)	283,851
Net cash from operating activities	1,001,718	689,208
<i>Cash flows from investing activities</i>		
Proceeds from legal settlements	-	3,456
Proceeds from the sale of property, plant and equipment	-	3,467
Purchase of intellectual property	(45,315)	(117,181)
Purchase of property, plant, and equipment	(9,396)	(106,808)
Increase in fixed deposits pledged	-	(5,757)
Construction of plant and equipment	-	(532,427)
Investments in unlisted securities	-	(115,703)
Loans provided	(304,082)	-
Net cash acquired on acquisition	156	-
Increase in deposits / investments	(757,184)	-
Investment in joint venture	-	(48,144)
Net cash used in investing activities	(1,115,821)	(919,097)
<i>Cash flows from financing activities</i>		
Proceeds from exercise of options	200,000	128,190
Proceeds from borrowings	-	379,238
Repayment of borrowings	(108,504)	(23,575)
Advance loan to third party	-	(377,453)
Net cash provided by financing activities	91,496	106,400
Net decrease in cash held	(22,607)	(123,489)
Cash and cash equivalents at the beginning of the half-year	58,105	348,434
Change in foreign currency held	1	(166,840)
Cash and cash equivalents at the end of the half-year	8 35,499	58,105

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 1 Statement of significant accounting policies

These are the condensed consolidated financial statements and notes of Holista Colltech Limited (**Holista Colltech or the Company**) and controlled entities (collectively **the Group**). Holista Colltech is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 31 August 2017 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Holista Colltech Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 31 December 2016 and 30 June 2016, together with any public announcements made during the half-year.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

ii. Comparative Figures

The comparative figures presented in this interim report are the 31 December 2016 Annual Report, which was a six month annual report due to a change in financial year. The company believes these comparatives presented are the most relevant to users.

iii. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the half-year of \$2,674,205 (31 December 2016: \$163,858 profit) as a result of increase in non-cash share based payments of \$2,054,580 and a net operating cash in-flow of \$1,001,718 (31 December 2016: \$689,208 in-flow).

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The Group has unexercised warrants worth \$389,048. The major shareholder has provided an interest-free loan post balance date and will continue to support the business ahead of a planned capital raise early next year.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

iv. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 1 Statement of significant accounting policies

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1c.

b. Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2016 but determined that their application to the financial statements is either not relevant or not material.

c. Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

ii. Key judgements and estimates – Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an assessment of the likelihood of the relevant milestones being achieved as detailed in note 18 Share-based payments.

d. Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016. All applicable new standards and interpretations issued since 1 January 2017 have been adopted. There was no significant impact on the Group.

Note 2 Company details**The registered office of the Company is:****Address:**

Street: 283 Rokeby Road
SUBIACO WA 6008

Postal: PO Box 52
WEST PERTH WA 6872

Telephone: +61 (0)8 6141 3500

Facsimile: +61 (0)8 6141 3599

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 3 Business combinations

a. HF Pre IPO Fund I LLC

On 1 January 2017, Holista Colltech Limited (**Holista**), acquired 67% of the ordinary share capital and voting rights of HF Pre IPO Fund I LCC (**HF Pre IPO**). This transaction constitutes a business combination under AASB 3.

i. Acquisition consideration

The fair value of the consideration for the issued capital of HF Pre IPO was \$354,936.

ii. Goodwill

The identifiable net assets of the acquiree are remeasured to their fair value on the date of acquisition (i.e. the date that control passes). Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the acquired. Details of the transaction are as follows:

	Fair value \$
Fair value of:	
Consideration given for controlling interest	354,936
Non-controlling interest	179,173
	534,109
Fair value of identifiable assets and liabilities held at acquisition date:	
Cash	156
Trade and other receivables	54,417
Other current assets	503,336
Trade and other payables	(23,800)
Fair value of identifiable assets and liabilities assumed	534,109
Goodwill	-

Note 4 Revenue and other income

a. Revenue

Sale of goods

b. Other Income

Loss on disposal of property, plant and equipment

Bank interest and other interest receivable

Rental income

Research and development tax offset

Other income

Dividend receivable

Foreign exchange gain / (loss)

	6 months to 30 June 2017 \$	6 months to 31 December 2016 \$
Sale of goods	3,686,138	3,716,876
	3,686,138	3,716,876
Loss on disposal of property, plant and equipment	-	(65)
Bank interest and other interest receivable	6,167	10,874
Rental income	37,116	37,825
Research and development tax offset	-	283,851
Other income	233,257	3,467
Dividend receivable	-	15,452
Foreign exchange gain / (loss)	5,804	-
	282,344	351,404

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Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 7 Earnings per share(EPS)

- a. Reconciliation of earnings to profit or loss
(Loss) / profit for the half-year
Less: loss attributable to non-controlling equity interest

(Loss) / profit used in the calculation of basic and diluted EPS

Note	6 months to 30 June 2017 \$	6 months to 31 December 2016 \$
	(2,674,205)	163,858
	(47,080)	(2,410)
	(2,627,125)	166,268

- b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

	30 June 2017 No.	31 December 2016 No.
	175,783,937	171,128,350

- c. Earnings per share

- Basic EPS (cents per share)

Diluted EPS (cents per share)

	30 June 2017 ¢	31 December 2016 ¢
7d	(1.49)	0.10
7d	N/A	0.09

- d. As at 30 June 2017 the Group has 42,346,750 unissued shares under options (31 December 2016: 30,692,782) and 9,000,000 performance shares on issue (31 December 2016: nil). The Group does not report diluted earnings per share on losses generated by the Group. During the half-year ended 30 June 2017 the Group's unissued shares under option and partly-paid shares were anti-dilutive.

Note 8 Cash and cash equivalents

- a. Current
Cash at bank

	30 June 2017 \$	31 December 2016 \$
	35,499	58,105
	35,499	58,105

- b. Acquisition of entities

HF Pre IPO Fund I LLC

On 1 January 2017 Holista Colltech Limited acquired 67% of the ordinary share capital and voting rights in HF Pre IPO as described in Note 3

- (1) Purchase consideration:

Consideration exchanged

- (2) Cash acquired:

Cash in-flow on acquisition

- (3) Assets and liabilities held at acquisition date (excluding cash) excluded from the consolidated statement of cash flow:

Trade and other receivables

Other current assets

Trade and other payables

	30 June 2017 \$
	354,936
	156
	54,417
	503,336
	(23,800)

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APPENDIX 4DInterim Financial Report
30 June 2017**HOLISTA COLLTECH LIMITED**

AND CONTROLLED ENTITIES

ABN 76 149 278 759

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 9 Trade and other receivables**a. Current**Trade receivable
Amounts advanced to third parties
Other receivables

30 June 2017 \$	31 December 2016 \$
1,256,749	1,367,066
507,645	417,941
67,204	255,247
1,831,598	2,040,254

Note 10 Inventories**Current**Raw materials - at cost
Finished goods - at cost

30 June 2017 \$	31 December 2016 \$
265,694	291,497
372,587	599,843
638,281	891,340

Note 11 Other assets**a. Current**Security deposits
Loans to others: Galen BioMedical
Less: Impairment
Prepayments

30 June 2017 \$	31 December 2016 \$
427,020	400,794
482,267	-
(52,002)	-
452,625	195,307
1,309,910	596,101

b. Non-currentLegal settlement proceeds due
Unlisted investments (Level 3)

-	5,238
-	354,936
-	360,174

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 12 Property, plant, and equipment

Freehold land and buildings

Accumulated depreciation and impairment

Plant and equipment

Plant and equipment under construction

Accumulated depreciation

Motor vehicles

Accumulated depreciation

Total plant and equipment

Note 13 Intangible assets

Patents and licences

Accumulated amortisation and impairment

Note 14 Trade and other payables

Current

Unsecured

Trade payables

Accruals

Other payables

Note 15 Interest-bearing loans and borrowings

a. Current

Banker's acceptance

Financial leases

Term loans

Loan from related parties

b. Non-current

Term loans

Financial leases

	30 June 2017 \$	31 December 2016 \$
Freehold land and buildings	2,474,490	2,385,557
Accumulated depreciation and impairment	(1,729,166)	(1,643,660)
	745,324	741,897
Plant and equipment	2,139,011	1,711,209
Plant and equipment under construction	-	532,427
Accumulated depreciation	(1,447,338)	(1,450,284)
	691,673	793,352
Motor vehicles	145,594	148,160
Accumulated depreciation	(123,233)	(114,053)
	22,361	34,107
Total plant and equipment	1,459,358	1,569,356

	30 June 2017 \$	31 December 2016 \$
Patents and licences	378,951	337,098
Accumulated amortisation and impairment	(31,570)	(15,112)
	347,381	321,986

	30 June 2017 \$	31 December 2016 \$
Trade payables	962,846	731,688
Accruals	539,929	495,920
Other payables	492,542	445,013
	1,995,317	1,672,621

Note	30 June 2017 \$	31 December 2016 \$
a. Current		
Banker's acceptance	226,165	313,338
Financial leases	13,080	12,998
Term loans	36,134	35,285
Loan from related parties	-	357,079
	275,379	718,700
b. Non-current		
Term loans	458,810	485,032
Financial leases	40,389	47,834
	499,199	532,866

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APPENDIX 4D

 Interim Financial Report
 30 June 2017

HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 76 149 278 759

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note	16	Issued capital	Note	30 June	31 December	30 June	31 December
				2017	2016	2017	2016
				No.	No.	\$	\$
Fully paid ordinary shares at no par value				181,054,953	171,708,921	11,359,467	10,798,705
				6 months to 30 June 2017 No.	6 months to 31 December 2016 No.	6 months to 30 June 2017 \$	6 months to 31 December 2016 \$
a. Ordinary shares							
At the beginning of the period				171,708,921	169,572,421	10,798,705	10,670,515
Shares issued during the year:							
■ 19.08.16 Options exercised at \$0.06				-	2,136,500	-	128,190
■ 24.03.17 Options exercised at \$0.06				6,012,698	-	360,762	-
■ 18.04.17 Options exercised at \$0.06				1,666,667	-	100,000	-
■ 14.06.17 Options exercised at \$0.06				1,666,667	-	100,000	-
Transaction costs relating to share issues				-	-	-	-
At reporting date				181,054,953	171,708,921	11,359,467	10,798,705

b. Performance shares

Performance shares

31 December 2017 No.	30 June 2016 No.
9,000,000	-

c. Options

At beginning of the period

Options issued during the year

Options exercisable at 25 cents expiring 29 December 2019

Options exercisable at 20 cents expiring 20 March 2020

Options exercisable at 20 cents expiring 23 June 2020

Options exercisable at 25 cents expiring 23 June 2020

Options exercisable at 30 cents expiring 23 June 2020

Options exercised

At reporting date

30 June 2017 No.	31 December 2016 No.
30,692,782	31,829,282
-	1,000,000
10,000,000	-
6,000,000	-
3,000,000	-
2,000,000	-
(9,346,032)	(2,136,500)
42,346,750	30,692,782

Note 17 Reserves

Foreign exchange reserve

Share-based payment reserve

30 June 2017 \$	31 December 2016 \$
(394,782)	(376,030)
4,327,253	2,272,673
3,932,471	1,896,643

17a

a. Share-based payment reserve (formerly Option reserve)

The Share-based payment reserve records the value of options and performance shares issued the Company to its employees or consultants.

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Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 18 Share-based payments

Note	30 June 2017 \$	31 December 2016 \$
Share-based payment expense	1,179,694	6,943
Gross share-based payments	1,179,694	6,943

Note 19 Operating segments

a. Segment Performance

Half-Year ended 30 June 2017

Revenue

- External sales
- Other revenue

Total segment revenue

Reconciliation of segment revenue to group revenue:

Total group revenue and other income

Segment loss from continuing operations before tax

Profit before income tax

Half-Year ended 31 December 2016

Revenue

- External sales
- Other revenue

Total segment revenue

Reconciliation of segment revenue to group revenue:

- Intra-segment eliminations

Total group revenue and other income

Segment loss from continuing operations before tax

Reconciliation of segment loss to group loss:

Loss before income tax

	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Corporate \$	Total \$
Revenue					
■ External sales	3,503,538	182,600	-	-	3,686,138
■ Other revenue	-	-	-	282,344	282,344
Total segment revenue	3,503,538	182,600	-	282,344	3,968,482
<i>Reconciliation of segment revenue to group revenue:</i>					
Total group revenue and other income					3,968,482
Segment loss from continuing operations before tax	113,791	(453,572)	(52,002)	(2,282,422)	(2,674,205)
Profit before income tax					(2,674,205)
Half-Year ended 31 December 2016					
Revenue					
■ External sales	3,641,576	75,300	-	-	3,716,876
■ Other revenue	-	-	-	351,404	351,404
Total segment revenue	3,641,576	75,300	-	351,404	4,068,280
<i>Reconciliation of segment revenue to group revenue:</i>					
■ Intra-segment eliminations					-
Total group revenue and other income					4,068,280
Segment loss from continuing operations before tax	431,032	(194,514)	-	(9,272)	227,246
<i>Reconciliation of segment loss to group loss:</i>					
Loss before income tax					227,246

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Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2017

Note 19 Operating segments (cont.)

At as 30 June 2017	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Corporate \$	Total \$
Segment Assets	4,110,620	4,790,152	727,123	-	9,627,895
<i>Reconciliation of segment assets to group assets:</i>					
■ Intra-segment eliminations					(3,664,531)
Total assets					5,963,364
Segment Liabilities	598,524	2,047,512	1,079,813	-	3,725,849
<i>Reconciliation of segment liabilities to group liabilities</i>					
■ Intra-segment eliminations					(973,421)
Total liabilities					2,752,428
As at 31 December 2016					
Segment Assets	5,548,246	4,372,886	(839,058)	-	9,082,074
<i>Reconciliation of segment assets to group assets:</i>					
■ Intra-segment eliminations					(3,034,654)
Total assets					6,047,420
Segment Liabilities	2,257,600	1,763,696	(41,864)	-	3,979,432
<i>Reconciliation of segment liabilities to group liabilities</i>					
■ Intra-segment eliminations					(1,041,390)
Total liabilities					2,938,042

Note 20 Commitments

The Group has no material commitments as at 30 June 2017 (31 December 2016: nil)

Note 21 Events subsequent to reporting date

On July 3 and 25 2017 a Director of the Company advanced the Group a total of RM310,000 (approximately \$91,000).

On August 9 2017 the company announced it had secured global rights of an all-natural carbohydrate manager developed by two Nobel Prize nominees that has proven successful in combating obesity and diabetes.

On August 21 2017 the company announced it had begun a \$1 million retrofit of its facility in Collie, Western Australia to prepare for production of halal-certified food-grade collagen sourced from disease free Australian sheep.

Note 22 Contingent liabilities

There are no contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

Directors' declaration

The Directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 7 to 20, are in accordance with the *Corporations Act 2001 (Cth)* and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the half-year ended on that date of the Company.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001 (Cth)* and is signed for and on behalf of the directors by:



DR RAJEN MANICKA

Managing Director

Dated this Thursday, 31 August 2017

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Holista CollTech Limited, which comprises the condensed statement of financial position as at 30 June 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Holista CollTech Limited, (the consolidated entity). The consolidated entity comprises both Holista CollTech Limited, (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Holista CollTech Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Holista CollTech Limited, on 31 August 2017.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001. *Emphasis of Matter Regarding Going Concern*

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

As referred to in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2017, the consolidated entity had cash and cash equivalents totalling \$35,499, available working capital excluding other assets (Ref Note 11) of \$252,149 and has made a loss before tax of \$2,674,205.

The ability of the Company and consolidated entity to continue as going concerns is subject to the future profitability, the ability of management to collect the receivables and sell the inventory. In the event that the consolidated entity is not successful in being profitable, collecting the receivables and selling the inventory, the Company and the consolidated entity may not be able to meet their liabilities as and when they fall due and the realisable value of the Company's and the consolidated entity's assets may be significantly less than book values.

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

Stantons International
Samir

Samir Tirodkar
Director

West Perth, Western Australia
31 August 2017

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HOLISTA COLLTECH