

Appendix 4D

Half-Year Report

1. Details of reporting period

Name of Entity	Eco Quest Limited
ABN	98 104 037 372
Period Ended	31 December 2012
Previous Corresponding Period	31 December 2011

2. Results for announcement to the market

				\$
Revenues from ordinary activities	Down	59%	to	53,316
Loss for the half-year	Down	77%	to	380,601
Total comprehensive loss for the half-year attributable to members	Down	77%	to	380,601
		Amount Per Security		Franked Amount Per Security
Final Dividend		Nil		Nil
Interim Dividend		Nil		Nil
Previous Corresponding Period		Nil		Nil
Record Date for Determining Entitlements	Not Applicable			

Brief explanation of any of the figures reported above necessary to enable figures to be understood:

Refer to the review of operations contained in the directors' report, which forms part of the attached financial statements, for further information.

3. Net tangible asset backing

	31/12/2012	31/12/2011
Net tangible backing per ordinary security	0.42 cents	(0.32) cents

4. Details of entities over which control has been gained or lost during the period

Nil

5. Details of Dividends

No dividend has been paid or recommended to be paid for the half-year ended 31 December 2012.

6. Details of dividend reinvestment plans

The Company does not have a dividend reinvestment plan.

7 Details of associate and joint venture entities

Not applicable.

8. Foreign entities

Not applicable.

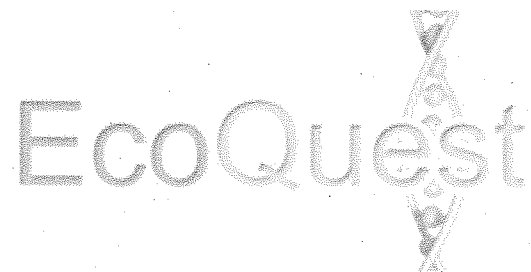
9. Audit

This report has been based on accounts that have been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.



Darren Olney-Fraser
Non-Executive Chairman

26 February 2013



Eco Quest Limited

ABN 98 104 037 372

**Half Year Report
31 December 2012**

C O N T E N T S

Directors' Report	1
Statement of Profit or Loss and other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Condensed Notes to the Financial Statements	6
Directors' Declaration	10
Auditor's Independence Declaration	11
Independent Review Report	12

DIRECTORS' REPORT

The directors submit the financial report of the company for the half-year ended 31 December 2012.

Directors

The names of directors who held office during or since the end of the half-year:

Darren Olney-Fraser
Howard Digby
Peter Webse

Review of Operations

Commercial Trading

In August and October 2012, two final transactions to sell the last remaining stock of Little Takas branded biodegradable hygiene products through retail stores took place.

Strategy

During half-year ended 31 December 2012, the board of Eco Quest adopted a strategy to license its portfolio of non woven biodegradable hygiene products to third parties well positioned to manufacture, market and merchandise those products. This course of action was chosen in order to maximise shareholder return while reducing capital risk.

In order to diversify its science based portfolio, the Company has been looking for new opportunities to add to its technology portfolio. In September 2012, the Company took an 11% stake in privately held US company, Cynata Inc, which is developing a therapeutic stem cell platform. In December 2012 this stake was increased to 27% for a combined outlay of US\$750,000.

Marketing changes or initiatives:

In order to maximise opportunities from its intellectual property, Eco Quest decided to licence its existing technology to third parties on a net profit royalty basis. Negotiations have commenced with Philippines based CPC Inc to commercialise the Company's portfolio of non woven biodegradable hygiene products. An initial 60 Days due diligence period was entered into and this has subsequently been extended by a further 30 days.

Financial Aspects:

The Company incurred a loss for the half-year ended 31 December 2012 of \$380,601 (2011: \$1,627,852).

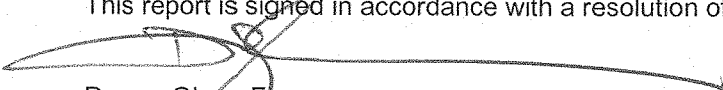
Placement

On 31 October 2012, the Company completed a placement of 100 million shares at \$0.175 each to raise \$1.75 million (before costs) and also issued 40 million corporate adviser options, exercisable at \$0.01 each on or before 31 December 2014 on the same terms and conditions as the Company's existing listed options (ASX: ECQO). These were approved at general meeting dated 29 October 2012.

Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 11 for the half-year ended 31 December 2012.

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



Darren Olney-Fraser
Non-Executive Chairman
Dated this 26 February 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2012

	Notes	31 December 2012	31 December 2011
		\$	\$
Revenue		33,964	123,769
Other income		19,352	6,474
Cost of goods sold		(8,689)	(237,082)
Product development and marketing costs		(52,015)	(59,361)
Employee benefits expense		(48,876)	(84,987)
Share based payment		(37,262)	4,789
Depreciation and amortisation expense		-	(2,533)
Borrowing costs		-	(2,187)
Write down of assets	2	-	(850,979)
Other operational expenses		(287,075)	(525,755)
Loss before income tax		(380,601)	(1,627,852)
Income tax (expense)/benefit		-	-
Loss for the period		(380,601)	(1,627,852)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequent to profit or loss		-	-
Other comprehensive income for the half year		-	-
Total comprehensive loss for the half year		(380,601)	(1,672,852)
Net loss attributable to:			
- Members of EcoQuest Ltd		(380,601)	(1,672,852)
Total comprehensive loss attributed to:			
- Members of EcoQuest Ltd		(380,601)	(1,672,852)
Earnings Per Share			
Basic/Diluted loss per share		(0.090 cents)	(1.22 cents)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	31 December 2012 \$	30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents		1,472,360	993,076
Trade and other receivables		19,270	14,181
Other assets		29,811	9,582
TOTAL CURRENT ASSETS		1,521,441	1,016,839
NON-CURRENT ASSETS			
Investment		746,313	-
TOTAL NON-CURRENT ASSETS		746,313	-
TOTAL ASSETS		2,267,754	1,016,839
CURRENT LIABILITIES			
Trade and other payables		121,751	163,086
TOTAL CURRENT LIABILITIES		121,751	163,086
TOTAL LIABILITIES		121,751	163,086
NET ASSETS		2,146,003	853,753
EQUITY			
Issued capital	5	12,338,120	10,913,811
Options reserve	6	1,512,112	1,263,570
Accumulated losses		(11,704,229)	(11,323,628)
TOTAL EQUITY		2,146,003	853,753

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGE IN EQUITY

For the half-year ended 31 December 2012

	Note	Issued Capital \$	Options Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2012		10,913,811	1,263,570	(11,323,628)	853,753
Total comprehensive income for the half-year:					
Loss for the half-year		-	-	(380,601)	(380,601)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the half-year		-	-	(380,601)	(380,601)
Transactions with owners, recorded directly in equity:					
Shares issued, net of transaction costs		1,424,309	-	-	1,424,309
Share-based payment transactions	7	-	248,542	-	248,542
Total transactions with owners		1,424,309	248,542	-	1,672,851
Balance at 31 December 2012		12,338,120	1,512,112	(11,704,229)	2,146,003
Balance at 1 July 2011		9,484,892	1,268,359	(9,781,321)	971,930
Total comprehensive income for the half-year:					
Loss for the half-year		-	-	(1,627,852)	(1,627,852)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the half-year		-	-	(1,627,852)	(1,627,852)
Transactions with owners, recorded directly in equity:					
Shares issued, net of transaction costs		193,453	-	-	193,453
Share-based payment transactions	7	-	(4,789)	-	(4,789)
Total transactions with owners		193,453	(4,789)	-	188,664
Balance at 31 December 2011		9,678,345	1,263,570	(11,409,173)	(467,258)

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2012

	31 December 2012 \$	31 December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	44,964	99,844
Payments to suppliers & employees	(474,308)	(655,286)
Interest received	19,352	753
Net cash used in operating activities	(409,992)	(554,689)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Investments	(746,313)	-
Payments for Plant & Equipment & Intellectual Property	-	(4,377)
Net cash used in investing activities	(746,313)	(4,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-	(20,000)
Proceeds from issue of shares and options net of capital raising costs	1,635,589	193,453
Net cash provided by financing activities	1,635,589	173,453
Net decrease in cash held	479,284	(385,613)
Cash at beginning of period	993,076	389,234
Cash at end of period	1,472,360	3,621

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 Interim Financial Reporting.

This interim financial report is intended to provide users with an update of the latest annual financial statements of Eco Quest Limited. As such, it does not contain information that represents relatively insignificant changes during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2012 together with any public announcements made by Eco Quest Limited during the half year.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the Company 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 Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

This interim financial report was approved by the Board of Directors on 26 February 2013.

Going Concern

The Company incurred a net loss after tax for the half-year ended 31 December 2012 of \$380,601 (December 2011: \$1,627,852). The Company experienced net cash outflows from operating activities of \$409,992 (December 2011: \$554,689). As at 31 December 2012 the Company had net assets of \$2,146,003 (June 2012: Net Assets of \$853,753).

The Directors have prepared the financial statements of the Company on a going concern basis. Based upon the Company's existing cash resources, the ability to modify expenditure outlays if required, and the Directors' confidence of sourcing additional funds, the Directors consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation to be appropriate for the preparation of the Company's financial statements for the half-year ended 31 December 2012.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

2. LOSS FOR THE PERIOD

The following expense items included in other operational expenses are relevant in explaining the financial performance for the interim period.

	31 December 2012	31 December 2011
	\$	\$
Write down of intangible assets	-	4,377
Write down of property, plant and equipment	-	8,679
Write down of inventory	-	328,593
Write down of receivables	-	64,351
Write down of deposits and prepayments for inventory	-	449,356
Legal fees incurred	-	5,963

3. SEGMENT INFORMATION

The Company operates in Australia in the wholesale and retail sector.

4. DIVIDENDS

There has been no dividend declared or payable as at 31 December 2012 (2011: NIL).

5. ISSUED CAPITAL

	31 December 2012	30 June 2012
	\$	\$
(a) Composition:		
505,223,461 fully paid ordinary shares (30 June 2012: 405,223,461)	12,338,120	10,913,811

(b) Movement:

	Half year 31 December 2012	Year End 30 June 2012	Half year 31 December 2012	Year End 30 June 2012
	Number	Number	\$	\$
Opening balance at the beginning of the period	405,223,461	125,561,612	10,913,811	9,484,892
Fully paid ordinary shares issued during the period	100,000,000	279,661,849	1,750,000	1,526,274
Issue costs	-	-	(325,691)	(97,355)
Closing balance at the end of the period	505,223,461	405,223,461	12,338,120	10,913,811

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

6. RESERVES

	31 December 2012	30 June 2012
	\$	\$
Option reserve opening balance	1,263,570	1,268,359
Issue of Incentive option	37,262	-
Issue of options for corporate adviser	211,280	-
Vesting during the period	-	(4,789)
Balance as at end of year	1,512,112	1,263,570

7. SHARE BASED PAYMENTS

Options issued and valuation

During the year, the Company issued 10,000,000 Incentive Options to Mr Digby, following shareholders' approval on 27 November 2012 with an exercise price of 2 cents and an expiry date on 9 September 2016.

The Incentive Options vest as follows:

Tranche	Number of Incentive Options	Vesting conditions
A	2,500,000	Upon grant
B	2,500,000	Upon the earlier of 12 months continuous employment as a director of the Company and the volume weighted average price of the Company's shares on the ASX being at least \$0.02 for 10 consecutive business days
C	2,500,000	Upon the earlier of 24 months continuous employment as a director of the Company and the volume weighted average price of the Company's shares on the ASX being at least \$0.03 for 10 Consecutive business days
D	2,500,000	Upon the earlier of 24 months continuous employment as a director of the Company and the volume weighted average price of the Company's shares on the ASX being at least \$0.04 for 10 consecutive business days

Inputs for measurement of grant date fair values

Fair value at grant date	\$0.0128 (after discount at 30%)
Share price on grant date	\$0.020
Exercise price	\$0.020
Expect volatility	173%
Option life	5 years
Expiry date	9 September 2016
Expected dividends	N/A
Risk-free interest rate	2.86%

Options issued to corporate adviser

On 29 October 2012, 40 million listed options were issued to corporate advisers which are valued under IFRS. Share raising cost of \$211,280 has been accounted accordingly.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

8. INVESTMENT

During the half year ended 31 December 2012, the company made investments in Cynata Inc a US based company engaged in the development of a therapeutic stem cell platform to be used in therapeutic products. This investment has been accounted for at cost of \$746,313.

9. COMMITMENTS

At the half-year ended 31 December 2012, the company had no commitments.

10. CONTINGENT LIABILITIES

As at the half-year ended 31 December 2012, the contingent liabilities as disclosed in the Annual Report for the year ended 30 June 2012 amounting to approximately \$103,000 had not been settled or cancelled.

11. EVENTS SUBSEQUENT TO REPORTING DATE

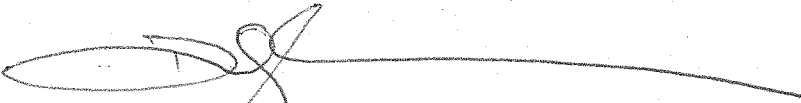
On 26 February 2013, the Company reached a full and final settlement with an ex director and his associated entities in relation to a claim arising from termination of a services contract for \$70,000 plus GST. The Company has had no other known material events subsequent to the 31st December 2012 that has a material effect on this financial report or the affairs of the company.

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1) The financial statements and notes set out on pages 2 to 9 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (b) give a true and fair view of the Company's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the half-year ended 31 December 2012.
- 2) At the date of this statement there are reasonable grounds to believe that Eco Quest Limited will be able to pay its debts when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors.



Darren Olney-Fraser
Non-Executive Chairman

Signed on 26th day of February 2013

26 February 2013

Board of Directors
Eco Quest Limited
Level 4 Podium
120 Collins Street
MELBOURNE VIC 3000

Dear Sirs

RE: ECO QUEST 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 Eco Quest Limited.

As Audit Director for the review of the financial statements of Eco Quest Limited for the period ended 31 December 2012, 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 sincerely

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



Samir Tirodkar
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ECO QUEST LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eco Quest Limited, which comprises the statement of financial position as at 31 December 2012, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Eco Quest 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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 Eco Quest Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Eco Quest Limited on 26 February 2013.

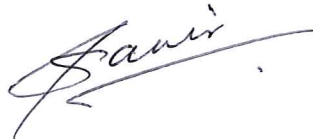
Conclusion

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 Eco Quest Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2012 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.

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

Stantons International



Samir Tirodkar
Director

West Perth, Western Australia
26 February 2013