

Appendix 4E

PRELIMINARY FINAL REPORT 12 MONTHS ENDED 30 JUNE 2012

Details of the reporting period and the previous corresponding period

Name of entity

Holista CollTech Limited

ABN	Reporting period	Previous corresponding period
24 094 515 992	12 months ended 30/06/12	12 months ended 30/06/11

Results for announcement to the market

Revenues from continuing activities	Down	9.7%	to	A\$5,439,652
Loss from ordinary activities after tax attributable to members	Down	12.6%	to	A\$536,405
Net Loss for the year attributable to Members	Down	46.3%	to	A\$524,405

Dividends	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final Dividend	Nil	Nil

Record date for determining entitlements to the dividend

N/A

Revenue reduced by 9.7% as compared to previous year is mainly due to keen competition in supplement market.

Loss from ordinary activities after tax attributable to members has decreased by 12.6% due to the decreased in the Advertising and Promotion cost incurred during the year.

Net Loss for the year attributable to members has reduced by 46.3% in the current year.

REVIEW OF OPERATIONS

The Directors are pleased to report that after a challenging financial year, operations have continued to be streamlined and consolidated for future growth and profitability. To this end, there are three (3) areas to focus:

- food ingredients supplies to the fast food industry
- sheep collagen and value added by-products from collagen processing to the cosmetics and personal care companies
- food supplements business

Whilst the company incurred a loss in the financial year just ended, losses have reduced by 12.6% from A\$631,812 to A\$536,405. As this rate, the company projects further improvement in the business.

Several initiatives have been undertaken to develop technologies and register products which are likely to result in sales activity in the current financial year.

The key activities during the financial year just ended were:

1. Cost rationalization
The application of micro-management resulted in a reduction in costs with only relevant R&D being funded. The company continues to invest in the future with continued research in collagen and value added by-products.
2. Development of the collagen business

Three (3) key developments occurred within this area:

- a) Rationalization of medical and cosmetic business within the operating plant in Collie, Western Australia.
After a period of hiatus, the company reactivated the collagen plant and as a result secured a user base in Thailand and supplied 1,000 kilograms of Ovicoll 95. Additional contacts are now being reactivated in South East Asia and North Asia where collagen is a popular part of the traditional food and medical culture.

The company also continues to work with contacts in the United States to supply cosmetic collagen to be further developed into medical collagen.

- b) Development of nano collagen
Working with scientists in the University of Hamdard in India, the company 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. Additional applications include liposome encapsulation and choosing the depth of skin to penetrate. More importantly, clinical trials with ethical committee approval demonstrated that nano collagen can increase skin hydration by three times. The company has initiated moves to create commercial product of this type.
- c) Development of the "food grade" collagen business
The company has successfully completed R&D to develop an all "halal" food grade collagen by using a plant based enzymatic protocol that "digest" the intact collagen from the sheep skins to develop molecules that are the size of 3 kilo Daltons.

3. Development of the food ingredient business

The main achievement of the last year was the tie with the QSRH group as per the ASX announcement on 7th November 2011.

This represents the successful commercialization of a range of patented solutions that are comprised of natural and low cost ingredients. These can easily be added to the food manufacturing process to create healthier outcomes that do not impact the taste as well as the look and feel of the ingredients. The company patented ingredients provide a healthier alternative that does not sacrifice taste.

- Low Glycemic Index Bread – a patented mix of two common Asian foods in a unique ratio at very low concentrations that reduces the glycemic index of bread and other baked flour based products by 40% without changing the taste, texture and mouth feel.
- Low Fat Chips – a patented “pre-soak” that causes a *40% reduction in the “fat pull” into the chips* during the frying process. The company has repeatedly demonstrated that the chips are crispier, less oily and have lower calorie content.
- Low Sodium Salt– replaces 40% – 60% of the sodium with potassium via patented natural ingredients that avoids the usual “metallic taste” or “bitter” aftertaste. The ingredient can be used in both aqueous and oil based foods, and is not heat sensitive.

The Benefits – Healthier Foods without Sacrificing Taste:

- All Natural - There are no synthetic or genetically modified ingredients
- Proven and Tested - All have been tested and validated at the laboratories of the University of Oxford.
- Market Ready - All the ingredients are labeled as Generally Regarded As Safe (GRAS) by the United States Food & Drug Administration and easily sourced
- A Low Cost Solution - The ingredients are readily available and are used at very low percentages resulting in little impact on the end price.
- No Compromise in Taste – Any changes in taste, texture and feel is imperceptible to consumers in the reformulated foods
- No Modifications to Processes or Equipment - The ingredients can be easily added to the manufacturing process without need for upgrades or changes to the equipment or processing modifications.

The company is currently collaborating with the University of Western Australia to validate this prior to commercialization of these technologies.

Additional market development efforts are also to engage with a global conglomerate of fast food chains including discussions with two global processed food companies based in the United States.

4. Development of the supplement business

The supplement business has been a stable constant during the last financial year. The Company has further improved its position in Malaysia and moved into the nearby ASEAN nations including Singapore, Brunei and Philippines. It has also added a new line extension to the product range and the fish oil – PRISTIN – continues to be the Malaysian market leader.

Further initiatives are currently underway to achieve better profit outcomes for this business including approaching trade with a more focused approach.

STATEMENT OF COMPREHENSIVE INCOME

	2012 A\$ 000	2011 A\$ 000
Revenue from continuing operations	5,440	6,021
Other Income	57	57
Change in inventories of finished goods and work in progress	(393)	(58)
Raw Materials and consumables used	(1,827)	(2,113)
Employee benefits expense	(1,825)	(1,596)
Depreciation and amortisation expense	(319)	(247)
Borrowing costs expense	(289)	(307)
Other expenses	(1,375)	(2,371)
Profit (Loss) before income tax expense	(531)	(614)
Income tax expense	(5)	-
Profit (Loss) after tax from continuing operations	(536)	(614)
Loss for the year	(536)	(614)
Other comprehensive income		
Exchange differences on translation of foreign operations	12	(363)
Total comprehensive loss for the year	(524)	(977)
Basic loss per share (cents per share)	0.41 cents	0.47 cents
Diluted loss per share (cents per share)	0.41 cents	0.47 cents

STATEMENT OF FINANCIAL POSITION

	2012 A\$ 000	2011 A\$ 000
Current Assets		
Cash and cash equivalents	1,873	1,721
Trade and other receivables	1,753	1,361
Inventories	631	982
Other financial assets	-	27
Current tax assets	-	17
Total Current Assets	4,257	4,108
Non-Current Assets		
Property, plant and equipment	3,808	4,018
Intangible assets	279	203
Other Non Current Assets	3	-
Total Non-Current Assets	4,090	4,221
Total Assets	8,347	8,329
Current Liabilities		
Trade and other payables	771	760
Borrowings	2,844	2,501
Current tax liabilities	-	34
Other Liabilities	68	289
Total Current Liabilities	3,683	3,584
Non-Current Liabilities		
Borrowings	1,357	914
Total Non-Current Liabilities	1,357	914
Total Liabilities	5,040	4,498
Net Assets	3,307	3,831
Equity		
Issued capital	7,554	7,554
Reserve	(63)	(75)
Accumulated losses	(4,184)	(3,648)
Total Equity	3,307	3,831

STATEMENT OF CHANGES IN EQUITY

	Ordinary Shares A\$ 000	Accumulate d Losses A\$ 000	Other Reserve A\$ 000	Total A\$ 000
EQUITY				
Balance as at 1 July 2010	7,554	(3,034)	288	4,808
Profit (Loss) for the year		(614)	-	(614)
Exchange differences arising on translation of foreign operations	-	-	(363)	(363)
Total comprehensive income for the year	-	(614)	(363)	(977)
Balance as at 30 June 2011	7,554	(3,648)	(75)	3,831
Balance as at 1 July 2011	7,554	(3,648)	(75)	3,831
Profit (Loss) for the year	-	(536)	-	(536)
Exchange differences arising on translation off foreign operations	-	-	12	12
Total comprehensive income for the year	-	(536)	12	12
Balance as at 30 June 2012	7,554	(4,184)	(63)	3,307

STATEMENT OF CASH FLOWS

	2012 A\$ 000	2011 A\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,673	5,884
Payments to suppliers and employees	(4,720)	(6,301)
Interest received	46	56
Finance costs	(260)	(307)
Income tax paid	(5)	(16)
Net cash (used in) operating activities	(266)	(684)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(16)	(275)
Disposal of non-current assets	772	-
Purchase of intellectual property	(80)	-
Net cash generated / (used in) from investing activities	676	(275)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	464
Placement to fixed deposits	-	(18)
Payments for redeemable shares	(327)	(617)
Payment of finance lease liabilities	(94)	(16)
Proceeds from borrowings	1,225	179
Repayment of borrowings	(1,011)	(242)
Net cash (used in) financing activities	(207)	(250)
Net increase / (decrease) in cash held and cash equivalents	203	(1,209)
Cash and cash equivalents at beginning of the financial year	1,029	2,409
Effect of currency fluctuations on cash held	(12)	(171)
Cash and cash equivalents at the end of the financial year	1,220	1,029

Reconciliation to Cash Flow Statement

For the purposes of the cash flow statement, 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 as per balance sheet	1,873	1,721
Bank overdraft	(653)	(692)
Cash and cash equivalents as per cash flow statement	1,220	1,029

NOTES

1 BASIS OF PREPARATION

The preliminary final report of Holista CollTech Limited for the year ended 30 June 2012 does not include all notes of the type normally included within the annual financial report and therefore can not be expected to provide as full understanding of the financial performance, financial position and cash flow of the company as the full financial report.

(a) Basis of accounting

This preliminary final report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The preliminary final report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The preliminary final report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (A\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100.

Unless otherwise detailed in this note, accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2011 annual report.

2 REVENUE

	2012 A\$ 000	2011 A\$ 000
Operating activities		
Sale of goods	5,440	6,021
Interest received on deposits	46	57
Gain on disposal of Property, Plant & Equipment	6	-
Gain on foreign exchange difference	5	-
	5,497	6,078

3 FINANCIAL RESULTS

The group recorded a lower net loss of A\$536,405 for the year ended 30 June 2012 compared to a net loss of A\$614,812 for the year ended 30 June 2011.

The improvement was mainly attributed to cost reduction in advertisement and promotion.

4 RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT / (LOSS) AFTER INCOME TAX

Reconciliation of loss for the year to net cash used in operating activities :	2012	2011
	A\$ 000	A\$ 000
Net Loss	(531)	(614)
Adjustments for non-cash items :		
Depreciation	319	247
Bad Debts	-	30
Gain on disposal on property, plant and equipment	(6)	-
Receivables	(348)	(155)
Inventories	351	248
Payables	(82)	(410)
Director's loan	31	(30)
Net cash (used in) operating activities	(266)	(684)

5 DISCONTINUED OPERATIONS

There were no entities over which control was gained or lost during the year.

6 DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS AND DIVIDEND PAYMENTS

Date the final dividend is payable N/A

Record date to determine entitlements to the dividend N/A

Has the dividend been declared N/A

Other disclosures in relation to dividends

The Directors have not declared a dividend and no dividends have been paid during the year.

7 NET ASSET BACKING

	2012 Cents per share	2011 Cents per share
Net tangible assets per share	2.3368	2.7995

8 CONTINGENT LIABILITY

There are no known contingent liabilities.

9 SEGMENT REPORTING

The Malaysian business is the only business producing significant revenue, and as such, it currently represents the group's sole reportable segment. The directors are of the opinion that the statement of comprehensive income of Holista CollTech Ltd's group is equivalent to the operating segment identified above and as such no further disclosure is being provided.

10 ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of securities	Total number	Number quoted
Ordinary securities	129,603,281	129,603,281

11 EARNINGS PER SHARE (EPS)	2012	2011
Reconciliation of earnings to profit or loss		
Profit /(loss)	(536,405)	(613,812)
Earnings used to calculate basic EPS	(536,405)	(613,812)
Earnings used in the calculation of dilutive EPS	(536,405)	(613,812)
	No. of shares	No. of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	129,603,281	129,603,281
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	129,603,281	129,603,281

12 CONTROL OVER ENTITIES WHICH HAS BEEN GAINED OR LOST DURING THE YEAR

The Company has no entities which has been gained or lost during the year.

13 ASSOCIATES AND JOINT VENTURES

The Company has no associates and joint ventures.

14 OTHER SIGNIFICANT INFORMATION

The Company does not have other significant information.

15 FOREIGN ENTITIES

The Company is an Australian entity and reports under Australian accounting standards.

16 AUDIT DISPUTES AND QUALIFICATIONS

There are no known audit disputes or qualifications.

17 STATEMENTS IN RELATION TO ACCOUNTS AND AUDIT

This report is based on accounts to which one of the following applies.

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|-------------------------------------|--|--------------------------|--|
| ☐ | The accounts have been audited (refer audit attached report). | ☐ | The accounts have been subject to review (refer attached review report). |
| ☒ | The accounts are in the process of being audited or subject to review. | ☐ | The accounts have <i>not</i> yet been audited or reviewed. |

Sign here: Date: ...31 August 2012
(Company Secretary)

Print name: