

Appendix 4E

PRELIMINARY FINAL REPORT 12 MONTHS ENDED 30 JUNE 2015

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 30/06/15	12 months ended 30/06/14

Results for announcement to the market

Revenues from continuing activities	Increase	9.0%	to	\$6,788,953
Profit from ordinary activities after tax attributable to owners of the parent	Increase	101.0%	to	\$33,488
Total comprehensive profit for the year attributable to owners of the parent	Increase	100.9%	to	\$28,204

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 increased by 9.0% as compared to previous year.

Profit from ordinary activities after tax attributable to owners of parent has increased by 101.0%.

Total comprehensive profit for the year attributable to owners of the parent has increased by 100.9%.

REVIEW OF OPERATIONS

Your directors are pleased to 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 2015.

Principal Activities

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

Review of Operations

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

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

Dietary Supplements

This remains as the Group's main income contributor during the year. Its revenue continues to grow despite challenging market condition faced by its subsidiaries in Malaysia. Market conditions in Malaysia have changed during the past 12 months mainly due to lower consumer purchasing power caused by inflations, systematic removal of subsidies on essential goods and most recently, the introduction of Goods and Service Tax (GST) by the Government of Malaysia. However, customers remain loyal to the Company's dietary supplements despite a growing number of competitors in not only the intense pharmacy business but also with the Multi Level Marketing.

Revenue in this area has increased by 8.6% as compared to previous year. The company has also successfully launched five (5) new products in Malaysia to cater for the market demand and to increase its market presence in the dietary supplement market. Furthermore, the company has also generated new source of revenue by supplying raw materials to Multi Level Marketing companies. The Group will continue to source for more new potential products for the coming year.

Prudent cost management in this dietary supplement business in Malaysia has resulted in cost reduction from \$3,587,119 to \$3,403,458 (5.1%) in the same time frame.

Sheep Collagen (Ovine)

This area of business has continued to register steady growth year on year with the delivery of 3,596kg during this financial year as compared to 2,095kg in the previous reporting period.

While the company continues to seek for new potential customer in the Asia Pacific region, it continues to spend on the research and development of its food grade collagen formulation focusing on yield and quality. The Company has managed to produce small size samples during this financial period and will be investing on some major essential equipment for the commercialization of this new range of product to support its existing cosmetic grade collagen. The potential of our food grade collagen is huge as it is the only mammalian collagen in the market which is neutral to all religious groups and cultures. This is also an appeal of being "Australian source" and "disease free".

The company is also working with a European R&D partner to develop variants of highly absorbed collagen for food and cosmetic applications.

Healthy Food Ingredients

The Group's key focuses are:-

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

During the year, Litefood Inc. (“Litefood”) which was incorporated in the United States of America (“USA”) continues to focus on the commercialisation of this new market segment. USA are well known to be the home of large fast food chains and by being close to the market will present opportunity for the Group to generate income from this area in the near future. (www.litefoodsinc.com).

The Group has begun to sell its Low Sodium Salt and Low Calorie sugar albeit in lower scale in one of its subsidiaries in Malaysia. The demand has been quite encouraging but has been quite limited as it is a Business to Consumer (B2C) market which requires huge capital to promote. The Group believes that Business to Business (B2B) will be the most appropriate method to launch this business. Currently, the Group is conducting final trial on its Low G.I with one of its potential European customer in University of Sydney.

In the United States, it is working with several fast food companies.

Operating results for the year

The Group has recorded 9% increase in revenue from \$6,227,814 to \$6,788,953 mainly from the Dietary Supplements and Sheep Collagen. The Group managed to record a Profit from ordinary activities after tax attributable to owners of the parent of \$33,488 as compared to loss of \$3,280,822 last year, despite the unfavourable currency fluctuations cause by the strengthening of US Dollars against Australian Dollars and Malaysia Ringgit. The Group’s investment in LiteFood to commercialise its Healthy Food Ingredient business has also prevented the Group from recording better results.

For the past three (3) years, revenue generated from our cosmetic grade sheep collagen has been growing consistently with sales recorded at \$187,715 this financial year. Cosmetic collagen will continue to contribute steady growth of income to the Group despite the declining trend of animal based cosmetic product in the world.

The Group believes that its yet to be launched food grade collagen is expected to contribute better revenue as compared to its existing cosmetic based collagen. When it comes to food grade collagen, some of the benefits of the Company’s ovine collagen become obvious:

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

Based on the above, the Group is optimistic that its new Food Grade Collagen will be ready for commercialisation in the near future once the required machine and equipments are commissioned in its plant in Collie, Australia. From scientific studies, the recommended minimum dosage for food grade collagen is 5gm a day (equivalent to 150gm a month). Compare this against 1gm of cosmetic collagen per bottle, Food Grade Collagen is expected to provide the Group with much higher return in the future.

The Group’s Dietary supplements business is targeted to continue its uptrend growth in the coming financial year with the launch of more new exciting supplements in the market. The positive development in both the Healthy Food Ingredients in the United States and Food Grade Collagen in Australia is expected to contribute positively to the Group in this coming financial year.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
Revenue from continuing operations	6,788,953	6,227,814
Other Income	63,636	45,669
Change in inventories of finished goods and work in progress	287,788	72,934
Raw Materials and consumables used	(2,616,483)	(2,043,635)
Employee benefits expense	(2,180,081)	(2,127,737)
Depreciation and amortisation expenses	(221,368)	(187,560)
Impairment	-	(927,287)
Finance costs	(159,287)	(330,985)
Share based payments	-	(2,172,994)
Other expenses	(2,143,914)	(2,344,892)
Loss before income tax expense	(180,756)	(3,788,673)
Income tax benefit	137,771	414,942
Loss after tax from continuing operations	(42,985)	(3,373,731)
Loss for the year	(42,985)	(3,373,731)
Other comprehensive income		
Exchange differences on translation of foreign operations	(22,759)	(31,443)
Total comprehensive loss for the year	(65,744)	(3,405,174)
Profit/(loss) attributable to :-		
Owners of the parent	33,488	(3,280,822)
Non-controlling interest	(76,473)	(92,909)
	(42,985)	(3,373,731)
Total comprehensive profit/(loss) attributable to :-		
Owners of the parent	28,204	(3,306,330)
Non-controlling interest	(93,948)	(98,844)
	(65,744)	(3,405,174)
Basic profit/(loss) per share (cents per share)	0.022	(2.415)
Diluted profit/(loss) per share (cents per share)	0.018	(2.415)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	2015 \$	2014 \$
Current Assets		
Cash and cash equivalents	497,766	1,511,648
Trade and other receivables	1,782,631	1,225,409
Inventories	1,010,682	695,700
Other current assets	179,613	186,673
Total Current Assets	3,470,692	3,619,430
Non-Current Assets		
Property, plant and equipment	1,305,455	1,374,843
Intangible assets	189,190	188,921
Other financial assets	16,271	23,585
Deferred Tax asset	-	36,802
Total Non-Current Assets	1,510,916	1,624,151
Total Assets	4,981,608	5,243,581
Current Liabilities		
Trade and other payables	1,126,154	637,410
Borrowings	322,861	1,101,023
Other liabilities	-	69,162
Deferred tax liability	826	-
Tax payable	114,082	-
Total Current Liabilities	1,563,923	1,807,595
Non-Current Liabilities		
Borrowings	1,126,481	1,906,594
Total Non-Current Liabilities	1,126,481	1,906,594
Total Liabilities	2,690,404	3,714,189
Net Assets	2,291,204	1,529,392
Equity		
Issued capital	9,424,203	8,596,647
Reserves	2,196,280	2,201,564
Accumulated losses	(9,136,762)	(9,170,250)
Total parent entity interest	2,483,721	1,627,961
Non-controlling interest	(192,517)	(98,569)
Total Equity	2,291,204	1,529,392

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Issued Capital \$	Compound Financial Instrument \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Translation \$	Non- controlling interest \$	Total \$
Balances as at 1 July 2013	7,554,145	412,502	(5,889,428)	-	(15,922)	-	2,061,297
(Loss) for the year	-	-	(3,280,822)	-	-	(92,909)	(3,373,731)
Exchange differences arising on translation of foreign operations	-	-	-	-	(25,508)	(5,935)	(31,443)
Total comprehensive loss for the year	-	-	(3,280,822)	-	(25,508)	(98,844)	(3,405,174)
Non-controlling interest	-	-	-	-	-	275	275
Shares issued during one year	700,000	-	-	-	-	-	700,000
Options issued	-	-	-	2,242,994	-	-	2,242,994
Equity raising cost	(70,000)	-	-	-	-	-	(70,000)
Balance as at 30 June 2014	8,184,145	412,502	(9,170,250)	2,242,994	(41,430)	(98,569)	1,529,392
Balance as at 1 July 2014	8,184,145	412,502	(9,170,250)	2,242,994	(41,430)	(98,569)	1,529,392
Profit/(loss) for the year	-	-	33,488	-	-	(76,473)	(42,985)
Exchange differences arising on translation of foreign operations	-	-	-	-	(5,284)	(17,475)	(22,759)
Total comprehensive profit/(Loss) for the year	-	-	33,488	-	(5,284)	(93,948)	(65,744)
Shares issued during the year	1,102,557	(275,001)	-	-	-	-	827,556
Balance as at 30 June 2015	9,286,702	137,501	(9,136,762)	2,242,994	(46,714)	(192,517)	2,291,204

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
Cash flows from operating activities		
Receipts from customers	5,704,848	6,110,166
Payments to suppliers and employees	(6,027,297)	(6,815,024)
Interest received	17,281	49,410
Finance costs	(5,907)	(1,872)
Income tax received	306,842	381,228
Net cash (used in) operating activities	(4,233)	(276,092)
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	1,700	18,442
Purchase of intellectual property	(5,319)	(57,662)
Purchase of property, plant and equipment	(113,142)	(16,789)
Loan payments made to related parties	-	(283,074)
Net cash (used in) investing activities	(116,761)	(339,083)
Cash flows from financing activities		
Repayment of borrowings	(699,525)	(1,655,778)
Proceeds from issue of shares	-	700,000
Net cash (used in) financing activities	(699,525)	(955,778)
Net increase in cash and cash equivalents	(820,519)	(1,570,953)
Cash and cash equivalents at beginning of year	1,326,477	2,864,983
Effect of exchange rate fluctuations on cash held	(8,192)	32,447
Cash and cash equivalents at end of year	497,766	1,326,477

Reconciliation to Statement of Cash Flows :

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:

	2015	2014
	\$	\$
Cash and cash equivalents	70,404	422,895
Bank overdraft	-	(185,170)
Security deposits	427,362	1,088,752
Cash and cash equivalents as per statement of cash flow	497,766	1,326,477

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

NOTES

1 BASIS OF PREPARATION

The preliminary final report of Holista CollTech Limited for the year ended 30 June 2015 does not include all notes and other disclosures of the type normally included within the annual financial report and therefore does not provide a 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 measurement and recognition requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. As noted above, this preliminary report does not contain all disclosures required by Australian Accounting Standards.

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.

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 2014 annual report.

2 REVENUE

	2015 \$	2014 \$
Operating activities		
Sale of goods	6,771,672	6,178,404
Interest received on deposits	17,281	49,410
	<u>6,788,953</u>	<u>6,227,814</u>

3 FINANCIAL RESULTS

The group recorded net loss after tax from continuing operations of \$42,985 for the year ended 30 June 2015 compared to a net loss of \$3,373,731 for the year ended 30 June 2014. The significant losses during the previous financial year are mainly due to fair value of warrants using Black & Scholes model of \$2,172,994, and impairment of Collie plant of \$927,287 as detailed in the previous year Annual Report.

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

Reconciliation of (loss) for the year to net cash flows operating activities :	2015	2014
	\$	\$
(loss) for the year after tax	(42,985)	(3,373,731)
Adjustments for non-cash items :		
Foreign exchange in profit & loss	5,260	(103,380)
Depreciation and amortisation	221,368	187,560
Impairment losses	-	927,287
Share based payment	-	2,72,994
Finance costs	84,442	330,526
Write off Non-controlling Interest Share capital	-	274
Impairment of intangibles	-	57,948
-(Increase)in receivables	(557,222)	(77,573)
-(Increase) in inventories	(324,982)	(51,865)
-Increase / (decrease) in payables	488,744	(346,132)
-Increase in tax provision	114,082	-
-Increase in prepayment	7,060	-
Net cash (used in) operating activities	(4,233)	(276,092)

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 any dividend and no dividends have been paid during the year.

7 NET ASSET BACKING

	2015 Cents per share	2014 Cents per share
Net tangible assets per share	1.3649	0.9489

8 CONTINGENT LIABILITY

There are no known contingent liabilities.

9 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) Food supplements

This operating segment organizes wholesale of supplements throughout Malaysia

(ii) Sheep collagen

This operating segment is involved in the manufacture and distribution of cosmetic grade collagen.

(iii) Healthy Food Ingredients

This operating segment is involved in marketing of food ingredients.

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.

9 SEGMENT REPORTING (continued)

(e) Segment Information

(i) Segment performance

	Supplements	Sheep Collagen	Food Ingredients	Corporate	Total
	\$	\$	\$	\$	\$
30 June 2015					
REVENUE					
External sales	6,583,957	187,715	-	-	6,771,672
Interest revenue				17,281	17,281
Total segment revenue	6,583,957	187,715	-	17,281	6,788,953
Reconciliation of segment revenue to group revenue					
Total group revenue					6,788,953
Segment net profit/(loss) from continuing operations before tax	1,610,522	(387,459)	(10,797)	(1,393,022)	(180,756)
Net (loss) before tax from continuing operations					(180,756)
30 June 2014					
REVENUE					
External sales	6,063,334	115,070	-	-	6,178,404
Interest revenue	-	-	-	49,410	49,410
Total segment revenue	6,063,334	115,070	-	49,410	6,227,814
Reconciliation of segment revenue to group revenue					
Total group revenue					6,227,814
Segment net profit/(Loss) from continuing operations before tax	1,410,703	(1,314,726)	(28,868)	(3,855,782)	(3,788,673)
Net profit/(Loss) before tax from continuing operations					(3,788,673)

9 SEGMENT REPORTING (continued)

	Supplements	Sheep Collagen	Food Ingredients	Total
	\$	\$	\$	\$
30 June 2015				
Segment assets	5,259,123	3,063,781	1,133	8,324,037
Reconciliation of segment assets to group assets				
Intersegment eliminations				(3,342,429)
Total group assets				4,981,608
30 June 2014				
Segment assets	4,720,993	3,086,399	3,638	7,811,030
Reconciliation of segment assets to group assets				
Intersegment eliminations				(2,567,449)
Total group assets				5,243,581

(iii) Segment liabilities

	Supplements	Sheep Collagen	Food Ingredients	Total
	\$	\$	\$	\$
30 June 2015				
Segment liabilities	2,072,055	1,172,251	741,583	3,985,889
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				(1,295,485)
Total group liabilities				2,690,404
30 June 2014				
Segment liabilities	2,379,280	1,540,819	349,644	4,269,743
Reconciliation of segment liabilities to group liabilities:				
Intersegment eliminations				(555,554)
Total group liabilities				3,714,189

9 SEGMENT REPORTING (continued)

(iv) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	2015	2014
	\$	\$
Australia	187,715	115,070
Malaysia	6,583,957	6,063,334
Total revenue	6,771,672	6,178,404

(v) Assets by geographical region

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

Australia	367,313	783,497
Malaysia	4,613,163	4,456,401
United States	1,132	3,683
Total assets	4,981,608	5,243,581

(vi) Major customers

The Group has a number of customers to whom it provides both products and services. Within Supplement segment, the Group supplies to a number of retailers through one single external distributor who account for 75% 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.

10 ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of securities	Total number	Number quoted
Ordinary securities	154,001,549	154,001,549

11 EARNINGS PER SHARE (EPS)

	2015	2014
Reconciliation of earnings to profit or loss		
Profit/(loss)	33,488	(3,280,822)
Earnings used to calculate basic EPS	33,488	(3,280,822)
Earnings used in the calculation of dilutive EPS	33,488	(3,280,822)
	No. of shares	No. of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	151,036,656	135,868,121

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.

- | | | | |
|-------------------------------------|--|--------------------------|--|
| ☐ | 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:



(Company Secretary)

Date: 28th August 2015

Print name: JAY STEPHENSON