

Holista Colltech Limited

ABN 24094515992

Annual Report - 31 December 2020

Holista Colltech Limited
Directors' report
31 December 2020

Directors	Dr Rajen Manicka Mr Daniel Joseph O'Connor Mr Chan Heng Fai Mr Blair Michelson	Managing Director & Chief Executive Officer Non-Executive Chairman Non-Executive Director Non-Executive Director
Company secretary	Mr Blair Michelson	
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Stock exchange listing	Holista Colltech Limited shares are listed on the Australian Securities Exchange (ASX code: HCT)	
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About Us

Holista Colltech's core business is to conduct research to find natural solutions so that people can live healthier lives. It holds proprietary solutions to help food manufacturers produce healthier alternatives – without use of chemicals – that do not compromise tastes and mouth-feel. Building on its network Holista has also developed sanitising solutions for individual and corporate use to prevent pandemic infection.

Corporate Profile

Holista Colltech Ltd (Holista) is a research-driven biotech company, a result of the merger of Holista Biotech Sdn Bhd and Colltech Australia Ltd. It is listed on the Australian Securities Exchange (ASX:HCT), headquartered in Sydney and has extensive operations in Malaysia and North America.

In the Food Ingredients space, Holista specialises in herbs and natural products that allow food manufacturers to produce healthier products. Mindful that the people find it difficult to change eating habits despite the growing incidence of diabetes and obesity, Holista has created a suite of ingredients that does not compromise on taste, odour and mouthfeel. It has brought to markets thus far, low-Glycemic Index (GI) bread, noodles/pasta and flatbreads as well as low-calorie/Low-GI sugar.

Holista is the only company in the world that produces ovine collagen from Australian sheep using patented extraction methods. It is on track to nano-nise and encapsulate liposomes for the ovine collagen.

Holista is a leader in Malaysia for the distribution of natural health supplements. It leverages on its research background and scientific network to build a world-class company focused on providing consumers with scientifically enhanced natural supplements and consumer products.

The outbreak of the COVID-19 pandemic has accelerated the development and market outreach of its infection control solutions, in partnership with Global Infection Control Consultants LLC ("GICC"). Holista is the exclusive distributor of the all-natural Path-Away® active ingredient developed by U.S.-based GICC for use as a sanitiser. It is also jointly developing with GICC a nasal sanitising balm and other solutions to combat airborne infection.

Managing Director's Report

Dear Shareholders,

On behalf of the Board of Directors ("the Board") of Holista Colltech Limited ("Holista or the Group"), I am pleased to present our Annual Report and audited financial statements for the financial year ended 31 December 2020 ("FY2020").

The period under review has been the toughest time for many of us, both professionally and personally, but Holista shareholders can at least take heart that our company is emerging from the COVID-19 global crisis in a stronger position.

While Holista recorded a net loss after tax of \$5.7 million in FY2020, this was largely driven by one-off factors and our revenues were resilient. Group revenue held relatively steady at over \$7 million in the financial year as strong growth in our Healthy Food Ingredients and Infection Control Solutions businesses offset declines in the Dietary Supplements and Ovine Collagen divisions – both of which were severely hindered by the pandemic.

Your Board of Directors and I believe that the Group will deliver an improved result in the current financial year as the world overcomes the impact of COVID-19 and as the growth momentum in our Healthy Food and Infection Control businesses continue to accelerate.

Healthy Food Ingredients: Breakthrough on International Markets Despite COVID-19

Our efforts to commercialise our organic and natural-tasting healthy food ingredients after seven years of research and development is paying off as our unique technology was validated through two significant developments in the past financial year:

- i) We secured a sizeable order from US-based Constanzo's Bakery ("Constanzo's") for the Group's proprietary GI-Lite™ Bread Pre-mix for a dedicated range of low-Glycemic Index (GI) bread rolls. Constanzo's is an established baked goods supplier to deli chains and major supermarkets across North America. Constanzo's has committed to purchase a minimum of 165 tons of GI-Lite™ worth around US\$1.9 million (~A\$2.5 million) in the first 12 months of the agreement, and this increases to 220 tons (~US\$2.5 million) in each of the next two years.
- ii) Holista also received sizable orders from two leading Asian food and beverage manufacturers during the year in review, although these orders were more modest than anticipated due to the impact of the pandemic. Malaysian-listed Rex Industry Bhd purchased 80Less™, which is Holista's proprietary low-GI, low-calorie sugar substitute that can reduce the sugar content of food and drinks without altering the taste of the product or leaving an after-taste. The order was placed as part of Rex's five-year agreement with Holista that is estimated to be worth around A\$7 million in total. Meanwhile, Kawan Food Berhad placed orders for GI-Lite™, which it used to develop the world's first healthy Low-GI Asian flatbread.

As vaccination programmes are rolled out around the world and border restrictions ease, we will increase our marketing efforts to build on the sales momentum we have achieved in FY2020. The outlook for our unique healthy food ingredients is bright as demand is expected to increase due to demographic factors and the prospect of more countries adopting a "sugar-tax" to combat the ever increasing rates of obesity.

Infection Control Solutions: Further growth opportunities post COVID

Another significant development – propelled by the outbreak of COVID-19 in early 2020 – was the traction achieved by our Infection Control Solutions business. Holista secured global distribution rights from US-based Global Infection Control Consultants LLC (GICC) to distribute an active ingredient known as Path-Away® just before COVID-19 was declared a global pandemic.

Path-Away® is the active ingredient in Holista's NatShield™ branded sanitisers that are sold through retail outlets in Malaysia. The popularity of NatShield™ is driven by consumers looking for an efficacious all-natural and alcohol-free hand sanitiser, which has been independently proven to be effective against a range of pathogens, including SARS-CoV-2 (the virus that causes COVID-19).

We aren't stopping with hand sanitisers. Holista is close to launching a nasal sanitising balm containing Protectene™, which was acquired from GICC. Protectene™ shares the same properties as Path-Away® but is gentler on skin and can be applied to sensitive parts of the body.

Holista has also commenced an application with the Therapeutic Goods Administration of Australia (TGA) for labelling rights to claim Natshield™ and Protectene™ as being effective against COVID-19.

Further, Holista has partnered with GICC to pursue opportunities for the M3® system outside the US. The system works by dispensing Path-Away® through heating, ventilation and air-conditioning (HVAC) systems to treat airborne viruses. M3® could prove to be an indispensable tool in controlling the spread of new highly contagious variants of COVID-19 in buildings and hotel quarantine facilities.

Outlook

The volatility created by the global pandemic is expected to persist in 2021, but there has been a marked improvement in trading conditions across much of the Group's operations since the start of the current financial year.

The strong momentum achieved by the Healthy Food Ingredients business is expected to continue as Costanzo's launches a range of Low-GI white bread products using Holista's technology in the 2nd Quarter of 2021 across North America. The healthier and better tasting white bread is expected to be a significant growth driver for Holista from 2021 onwards.

Additionally, orders from Kawan Foods and Rex Industry are anticipated to improve this year as the disruptions from the pandemic in Malaysia and Singapore ease further. We are also close to commercialising low-calorie and low-GI tapioca pearls and sugar syrup for use in bubble tea. The pearls will complement Holista's range of healthier food product ingredients, including those for flatbreads, noodles and white bread.

Growing demand for sanitising solutions is also expected to persist in 2021 and beyond, even as mass COVID-19 vaccines are rolled out around the world. The ongoing long-term use of sanitisers bodes well for NatShield™ and Protectene™ as Holista believes consumers will increasingly turn to all-natural and gentler solutions compared to alcohol-based products.

Our plans to expand Holista's infection control offering will provide an additional growth avenue for the Group in the current financial year. This includes launching our sanitising nasal balm in the United States, Malaysia and Singapore this year and offering the M3® system for building ventilation and fogging applications to enterprise and government clients.

Holista filed a global patent for the nasal sanitising balm in July 2020 and has commissioned a TGA application to classify its sanitisers as "Therapeutic Goods" and for labelling rights to claim their effectiveness against COVID-19 after we successfully demonstrated that Path-Away® can kill 99.9% of SARS-CoV-2 in an independent lab.

Meanwhile, the Company's Dietary Supplements and Ovine Collagen businesses are recovering from the coronavirus economic conditions in FY2020. There has been a notable resumption in orders for Holista's dietary supplements across all markets since the 4th quarter of 2020, while enquiry levels for its collagen product from cosmetics manufacturers around Asia have also increased.

This year is shaping up to be a big year for Holista, and I look forward to bringing you further updates throughout 2021.

Best regards,



DR RAJEN MANICKA
Managing Director

Key Milestones

Date	Milestone
11 December 2020	Holista announced a collaboration with GICC LLC to offer a “List N” certified pandemic infection solution to disinfect buildings.
27 November 2020	Holista commissioned an application to the Therapeutic Goods Administration (TGA) to allow NatShield™ and Protectene™ to be labelled as effective in killing COVID-19 and be classified as “Therapeutic Goods”. This certification will allow Holista to label its products sold in Australia to be effective against COVID-19.
18 November 2020	Holista received its first orders for GI Lite™ low-GI bread pre-mix from US bakery chain Constanzo's which is set to launch the world's lowest clean label all-natural Low-GI white bread in North America.
19 October 2020	Path-Away®'s Anti Pathogenic Aerosol Solution successfully tested by Microbac Laboratories of U.S. against SARS-CoV-2 the virus that causes COVID-19. Path-Away has achieved this benchmark in all instances with a 100% success rate and has met all criteria during the test.
01 October 2020	Holista signed a three-year exclusive deal with U.S bread supplier Constanzo's for its patented GI Lite™ low-GI bread pre-mix and to work with Costenzo's to launch the world's lowest low glycaemic index (GI) clean label white bread with a GI score of 46 as validated by Sydney University .
14 September 2020	Holista signed a partnership agreement with Eight Mercatus USA who will act as its strategic and marketing partner in North America. Eight Mercatus will help Holista redesign it's branding strategy and develop sales channels for NatShield products, Low GI bread range and other water-soluble supplements products.
02 September 2020	Holista partnered with Path-Away® developer GICC LLC for the production of the M3 HVAC systems for all markets outside North America.
03 June 2020	Sydney University has validated a low-GI tortilla developed by Holista and Kawan Food to have a GI reading of 54 which is 30% lower compared to other versions of flatbread sold around the world.
08 May 2020	Holista filed a global patent for Natshield™ nasal sanitising balm containing Path-Away®.
20 April 2020	Holista's NatShield™ containing Path-Away® successfully tested by a leading U.K. bio-safety laboratory to be 99.9% effective against the feline coronavirus, a surrogate of COVID-19.
11 March 2020	Holista Biotech Sdn Bhd (a wholly owned subsidiary of Holista) has signed a five-year contract to supply minimum annual order purchase of A\$1.4m of 80Less by Rex Industry. The supply agreement represents the first commercialisation of 80Less™ low sugar formulation by Holista.

Message from our Key Partners

MS. NADJA PIATKA

CEO of Nadja Foods and CEO of Holista Foods

All over the world, fast food, desserts and soft drinks have become part of modern lifestyle. Diet is a major cause of obesity and diabetes but food habits are hard to change. The challenge is to help food manufacturers produce healthier food without changing processes to much of increasing their costs significantly.

As a bakery supplier to fast-food chains for over 24 years, I have spent most of my career working to meet this challenge. It began with the low-fat movement in the nineties when I achieved great success with a line of muffins I created. However, the science has moved on; it is increasingly clear that the new frontier is to provide healthy yet tasty versions for most of the products in the food and beverage industry.

Moreover, there is increasing awareness about diets containing a high-Glycaemic Index (GI) and the high correlation with diabetes and obesity. People are trying to make conscious health decisions. The food and beverage industry is well aware of this. Hence, industry manufacturers and fast-food chains worldwide are in a race to roll out healthier options to win over customers.

The weak link – and the great opportunity for Holista Foods – is in the food manufacturing process: how can they produce healthier options that taste as good while remaining profitable. Working with Dr Rajen and his team, we have developed and received validation for GI Lite™ that lowers the GI of white flour-based products while maintaining the original taste of the food products.

After collaborating with Holista CollTech for the past few years, I've seen first-hand the potential to revolutionise the global food and beverage industry whilst meeting the concerns of food and drink manufacturers. Given the market opportunity, it then made sense to cement our partnership with Holista through our joint-venture company, Holista Foods.

FY2019 has been a great year for Holista Foods as we kicked off the year by collaborating with Malaysia's Kawan Food Berhad to co-produce low-GI versions of Asian flatbreads – paratha (roti canai) and chapatti. They have been successfully tested as low-GI by the University of Sydney and will be launched in April 2020 in the U.S. followed by Malaysia markets.

We also won the 2019 U.S.A. Taste Championships Award of Excellence for two types of our low-GI pasta, spaghetti and linguine. We also commenced maiden shipment for our low-GI noodles to Express Trading Canada to be exported to China as well as received regulatory approval for our noodles in South Korea followed by a maiden purchase order by HWH Global, a Korean multi-level marketing company. The low-GI noodles are already sold on Amazon. Holista Foods also appointed iLevel Brands, a national broker sales team, to increase market presence in North American retail stores. We are delighted to announce that our ground work in 2019, which included increased efficiencies in production and exciting rebranding and packaging, has quickly propelled us into many new distribution centres across the US and Canada in the first quarter of 2020. Strong sales are expected for 2020 as major grocery store chains are placing Holista low GI pasta on their shelves.

We expect to launch by June 2020 the first low GI white bread in North America through our collaboration with Costanzo's Bakery, a large US based bread manufacturer. Preliminary testing results on the white buns have been very positive.

Apart from underscoring our quality for our existing products, we also launched our proprietary low-GI, low-calorie refined sugar, 80Less™ that is made from two natural internationally approved substances, Sucrose and Sucralose and can replace sugar in all applications. We have appointed All Gold Imports as its distributor in Canada and the U.S.

We also collaborated with another Malaysian company, SunFresh Fruit Hub Sdn Bhd to co-produce low-GI versions bubble tea ingredients – tapioca pearls, sugar syrup and sugar caramel (brown sugar) while using GI Lite™ and 80Less™ to produce low-GI tapioca pearls and sugar syrup respectively and introducing proprietary brown sugar (sugar caramel) made of molasses which derives the same sweetness with lower calories. This collaboration is expected to have positive sales outcomes for both GI Lite™ and 80Less™.

During the coming year, we will continue to look for collaborations for our proprietary products – GI Lite™ and 80Less™ and continue to develop and market low-GI baked and flour-based goods and mixes which can be distributed to fast food companies, retailers, schools and hospitals.

Our joint venture aims to convince food and drink manufacturers and fast-food chains to accept a new and better way to make food healthier. We have broadened our focus from North America to Asia, especially Malaysia and China, where obesity and diabetes, linked to high glycaemic foods, have become a serious problem that has strained health care costs and negatively affected living standards.

Holista Colltech Limited
Directors' report
31 December 2020

I am very proud to be working with Dr Rajen and his team. I share his passion to improve the world's health through better food. Holista's leading food innovation and science coupled with my experience and reputation have positioned us to become major food industry leaders in North America and beyond.

Thank you!

Nadja Piatka

MR. MEIERT J. GROOTES

Chairman of VERIPAN AG, a partner of Holista CollTech

Obesity is one of the greatest threats to the global economy. This man-made social problem is more serious than climate change, smoking or air pollution. It impacts half of Europe and 30% of the global population. In the 34 years up to 2014, the prevalence of obesity more than doubled –more than 2 billion adults aged 18 years and older are overweight today. Obesity is a chronic disease, growing in severity in both developed and developing countries, and affects all age groups. The problem seems particularly acute in countries such as Malaysia and Singapore which have the highest incidences of obesity in Southeast Asia (The Lancet, 2014).

In my opinion, the reformulation of food products should, from the onset, have been one of the main areas of our R&D efforts to combat obesity. This is why we at Veripan sought to tackle the crisis head first by targeting one of the biggest staple foods in the world – white bread which many people eat almost daily.

The global white bread market alone is currently worth US\$170 billion, and it continues to grow. Multiple studies have linked an increase in white bread consumption to weight gain. This is observed particularly in Asian countries where the effects of recent Westernisation of diets are increasingly evident.

With a Glycaemic Index (GI) of 77, white bread has the highest GI reading among staple foods. Essentially, the GI is a simple way to measure the quality of the carbohydrates we consume daily. Foods with a low GI (below 55) raise the blood sugar more slowly and sustain longer, making the person feel full for longer. A high GI number, however, means that blood sugar will spike, giving the person a sugar rush, which plummets shortly after, causing a quicker feeling of hunger.

In our partnership with Holista, we have worked on a significant reduction of the GI of products that are made from white flour – such as bread, muffins and noodles – in a simple and cost-effective way.

The past year we have worked very hard to launch the first low GI breads in the market. Together with an Australian consortium we intend to launch a low GI white bread in Australia in May-June 2019. For this launch a special purpose brand, which will be disclosed soon, has been developed. Our product is fully backed by the GI foundation, and after a successful launch in Australia a global roll-out is planned. The past years have been a long and bumpy journey; however, we are convinced that our innovation will finally hit global markets in 2020.

Thank you!

Meiert J. Grootes

DR ARTHUR MARTIN

Founder and President Principal Research Scientist of Global Infection Control Consultants LLC (GICC LLC) and Member of Holista's Scientific Advisory Board.

Currently, the entire world is suffering from the pandemic of COVID-19, a novel coronavirus that originated from Wuhan, China, on 17 November 2019. As I write, the disease has affected more than 169,500 and killed over 6,500 people, leaving people panicking and unsure of how to protect themselves.

While I am deeply saddened by the tragic outcome, I am also excited by GICC LLC's partnership with Holista in offering a solution to address this pandemic. Together, we are making available hand-held sanitisers and other products that use an active ingredient, Path-Away®, developed by GICC LLC. Such sanitisers can offer the first line of defence in preventing infection of such coronaviruses which usually attack humans via the eyes, the mouth or the nose – the last being most vulnerable.

Path-Away® has been developed after years of research into the properties of certain plants. Made entirely from natural substances it contains no alcohol, which is present in most sanitisers. It works by attacking the cell walls of the microbes, inhibiting their uptake of amino acids – the basic building block of cells – needed for reproduction. The microbes then clump together and kill themselves in the process.

This organic, broad-spectrum anti-pathogenic solution has been proven to effective as a sanitiser against more than 170 fungi, bacteria, yeasts and all previously known corona-type viruses. It is tested at several WHO-approved laboratories and approved by several government authorities including the U.S. Food and Drug Administration (FDA), the Food and Safety Authority and Environmental Protection Authority of New Zealand and the Malaysian Ministry of Health with special reference to the H1N1 virus.

Working with Holista, we have facilitated tests on Path-Away® to prove its efficacy against COVID-19. The tests are being conducted at a leading microbiology lab in the U.K. and results are expected by the middle of April 2020.

After the COVID-19 health situation worsened, I visited Kuala Lumpur in February 2020. I am very encouraged by the efforts of the Holista team under the leadership of Dr Rajen Manicka. The team practices stringent controls and has resolved the initial issues with bottling shortage, while also increasing the size range of the hand-held NatShield™ that uses Path-Away®.

On that visit, and after assessing the scale of the problem arising from COVID-19 as well as from influenza (which will particularly impact Europe during the winter season), GICC LLC has made two decisions:

- 19 March 2020 - Co-development with Holista of the world's first nasal sanitizing balm using Path-Away®; we plan to file a joint patent and commence production all by the second half of 2020.
- 3 March 2020 - Granting Global distribution rights to Holista for NatShield™ sanitiser which will later include the nasal sanitising balm.

The COVID-19 situation has thrown into sharp focus the need to address airborne infection. While our work with Holista is primarily focused on saving lives, we will also look into ways to partner and bring other solutions using Path-Away® to help industry segments. These include infection control for animals and plants, to boost agriculture production, personal care products, and protection of textiles during shipment and logistics.

Based in Bluffton, South Carolina, USA, GICC LLC offers expertise relating to the control of pathogenic contamination and the dynamics of the pathogenic bio-aerosol connection to the human infection matrix.

Thank you!

Dr Arthur Martin

Holista Colltech Limited
Directors' report
31 December 2020

Director's report

Your directors present their report on the consolidated entity, consisting of Holista CollTech Limited (Holista or the Company) and its controlled entities (collectively the Group), for the financial year ended 31 December 2020.

Holista is listed on the Australian Securities Exchange (ASX:HCT).

Directors

The following persons were directors of Holista Colltech Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Rajen Manicka	Managing Director and Chief Executive Officer
Mr Daniel Joseph O'Connor	Non-Executive Director
	Non-Executive Chairman (appointed 11 Aug 2020)
Mr Chan Heng Fai	Non-Executive Director
Mr Blair Michelson	Non-Executive Director (appointed 11 August 2020)
Mr Jonathan Pager	Non-Executive Director (appointed 2 July 2020 and resigned 11 August 2020)
Mr Brett Fraser	Non-Executive Director (resigned 2 July 2020)

Company secretary

Mr Blair Michelson (appointed 11th August 2020 as both Non-Executive Director and Company Secretary of the Company. Mr Michelson has over 30 years' experience as a management consultant in the areas of risk, compliance, governance and systems, and asset management across a wide range of industries in Australia and overseas. He is currently the Director/Proprietor of two boutique consultancies, Qualita International and Alpha Asset Management Systems and has previously consulted to Government, Not-for-profit, public, and large and small private clients.

Mr Dean Jagger (appointed 13th July 2020 and resigned 11th August 2020)

Mr Stuart Usher (appointed 21st February 2020 and resigned 13th July 2020)

Mr Brett Fraser and Mr Jay Stephenson as Joint Company Secretaries (resigned 21st February 2020).

Dividends paid or recommended

There were no dividends paid, recommended or declared during the current or previous financial year.

Principal activities

During the financial year ended 31 December 2020 (FY2020), the Group, consisting of Holista Colltech Limited (Holista) and its controlled entities, remained focused on four core areas:

- Healthy Food Ingredients
- Infection Control Solutions
- Dietary Supplements
- Ovine Collagen

Operating and financial review

Holista delivered steady revenues for the year ended 31 December 2020 despite the global COVID-19 crisis that had a material but temporary impact on Group earnings.

Holista recognised total revenue of \$7.1 million for the 12-month ended 31 December 2020, which was 2.1% below that of 2019 (2019: \$7.2 million), as weakness in parts of its business due to the impact of COVID-19 was offset by strong growth in two key divisions.

Statutory net profit before tax for 2020 was a loss of \$5.6 million compared with a net loss of \$0.7 million in the previous year that were largely due to significant one-off items. These included impairment of \$3.3 million and legal costs \$0.2 million associated with certain legal matters commenced during the year with various parties as described in note 31 'Contingent liabilities'.

The 2020 disruption caused by the global pandemic on Holista's operations and change in the Group's sales mix accounted for the balance of the difference between losses recorded in 2020 and 2019. Holista's fastest growing businesses have smaller margins due to the required investments to build scale, expand into new markets and launch new product offerings.

Operations Review

a. *Healthy Food Ingredients*

Holista's Healthy Food Ingredients division is gaining momentum with sales increasing by 625% over the year before to just over \$1 million in 2020. The growth is bolstered by orders from Kawan Food Berhad, which has developed the world's first healthy low-Glycemic Index (GI) Asian flatbread using GI Lite™, and Rex Industry Berhad for Holista's proprietary 80Less™ (low-calorie and low-GI) sugar substitute for use in its drinks. However, restrictions to control the spread of COVID-19 in Malaysia and Singapore meant that orders from Kawan and Rex in FY2020 were lower than was originally forecasted at the start of the year.

The division's strong growth was also partly due to the expansion into the North American market with Costanzo's Bakery, Inc. signing a binding agreement during FY2020 (announced October 2020) to purchase around US\$2 million a year of Holista's GI Lite™ Bread Premix, for three years.

Another significant event during the course of the year was the validation from the University of Sydney that tortillas made with GI Lite™ were at least 30% healthier compared to traditional versions of flatbreads sold around the world.

Holista's proprietary food ingredients technologies can also be applied to the manufacture of healthier noodles, tapioca pearls (used in bubble tea) and sugar syrup without sacrificing taste.

b. Infection Control Solutions

Holista's Infection Control Solutions business was another growth contributor as it achieved sales of \$665,000 in FY2020. This is the first year that this business contributed to Group revenue as COVID-19 drove demand for its NatShield™ range of products, which uses PathAway®.

PathAway® is made from all-natural ingredients and independent tests at Microbac Laboratories, Inc. have shown it to be 99.9% effective against the SARS-CoV-2 virus that causes COVID-19. Microbac is a US Department of Defense (DoD) and Environmental Laboratory Accreditation Program (ELAP) accredited laboratory.

Holista entered into a non-binding collaboration term sheet for a joint-venture (JV) in September 2020 with its long-standing US partner Global Infection Control Consultants LLC (GICC) to manufacture and market the M3® system, which works by dispensing Path-Away® through heating, ventilation and air-conditioning ("HVAC") systems in buildings to treat harmful pathogens, including airborne viruses. PathAway® is currently awaiting "List N" certification in the US. List N is managed by the US Environmental Protection Agency (EPA) and products on List N are deemed by the EPA to kill SARS-CoV-2. As at the reporting date, the JV has not been formed.

From December of last year, Holista was able to start offering a List N solution to disinfect buildings and kill coronavirus by using the M3® system with Bioesque, which is secured from Laboratoire M2, while awaiting List N certification for PathAway®. The same range is also under registration with the Australian Therapeutic Goods Administration to be offered along with M3®.

A further significant development during FY2020 was the acquisition of the intellectual property and all associated rights to Protectene™ by Holista from GICC. Protectene™ has all the benefits of PathAway® but is gentler on skin. The acquisition enables Holista to offer sanitising products that can be used on sensitive parts of the body, such as a nasal balm.

The nasal balm formulation is now finalised and will be launched in the United States, Malaysia and Singapore in the 2nd Quarter of 2021. In the interim, the nasal balm will undergo tests to show efficacy against coronavirus at the Pantai Medical Centre in Kuala Lumpur, Malaysia. The Company is also close to engaging a leading hospital in New York City to undertake further tests.

c. Dietary Supplements

The Company's Dietary Supplements division continued to be the largest income contributor to the group in 2020. Revenue from this business decreased by 21% to \$5.2 million due to COVID-19 social restrictions and lockdowns in markets Holista operates in.

While operating conditions were challenging, Holista launched a new health supplement called Forti-5 in Malaysia to boost the body's immune system and to fight infections in the 4th Quarter of 2020. Forti-5 stimulates the body's natural production of glutathione with three essential amino acids.

Holista is developing other new products to be sold commercially this year, including chewable Omega-3 gummies for children.

d. Ovine Collagen

The Collagen Manufacturing business was also impacted by the fallout from the global pandemic with sales falling 62% to \$173,000 in FY2020 as most of our cosmetics manufacturing customers closed their production facilities for some time during the pandemic.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial year.

Future Developments, Prospects and Business Strategies

There are no other likely developments, future prospects and business strategies not included in this Directors' report.

Environmental regulation

Holista has operated under environmental licence L7998/2003/3 issued by the Western Australian Department of Water and Environmental Regulation as prescribed under the Environmental Protection Act 1986. The licence relates to collagen extraction and purification, waste water storage and waste water disposal pipeline to the Collie Power Station marine disposal outfall tank. During the financial year, the Group's operations were materially conducted in accordance with the guidelines of that licence.

The Group's operations are not subject to any other significant environmental regulations in the jurisdictions it operates in, namely Australia, Malaysia, and the United States.

Risk Management

The Group takes risk management seriously and has put in place the following procedures:

- **Oversight** Pursuant to the Company's Board Charter, the full Board carries out the duties of the Audit Risk Committee including to direct, review, and initiate corrective action in matters of internal control and minimise risk exposures compatible with a Group of this size and nature.
- **Risk Profile** An exercise has been performed to assess the various business risks that impinge upon the Group. They have been categorised according to which part or parts of the business would be affected, what controls might be put in place and whether the resulting levels of exposure are acceptable.
- **Risk Management** The Group has taken decisions as to how it should manage the various categories of risk exposure and they include the imposition of Standard Operating Procedures (SOPs) for routine business transactions; mitigation policies to lessen or obviate risks such as Insurance Policies and formal long-term Agreements with critical suppliers; and hedging arrangements if applicable.
- **Compliance and Control** SOPs have been drawn up, circulated and regularly monitored to ensure adherence to company policy. They include the various cash, purchasing, sales, and payment cycles, and payroll. Levels of Authority have been set, divisions of duty are made and multiple signature approvals imposed. Regular checks are made by management to ensure that these controls are indeed in place and complied with.
- **Assessment of Effectiveness** The management in the first instance assesses the effectiveness of the risk management policies and in conjunction with the Audit Committee (comprise the full Board of Directors) and External Auditors, instructs improvements to be put in place.

Information relating to the directors

Name:	Dr Rajen Manicka
Title:	Managing Director and Chief Executive Officer (<i>Appointed July 2009</i>)
	Non-independent
Qualifications:	B Ph. (Hons)
Experience and expertise:	Dr Rajen Manicka began his career as an intern pharmacist at the Kuala Lumpur General Hospital from 1986 - 1987. In 1987 he spent a year as a community pharmacist. Over a period of 9 years, Dr Rajen worked for several pharmaceutical companies including Roche and CIBA Pharmaceuticals in various capacities starting as a medical representative, product manager and eventually as marketing manager. In 1995, he incorporated Total Health Concept, which was restructured into Holista Biotech Sdn Bhd in January 2004, and has been Managing Director and major shareholder from inception of this Group until its merger with Holista CollTech Limited in July 2009. He is a prominent figure in the Malaysian biotech industry, an industry which receives significant support and encouragement from the Malaysian government. Dr Rajen has been a guest lecturer in alternative medicine at the University of Malaysia, the National University of Malaysia, and the International Medical University in Malaysia. He was also a health columnist for the Sunday Times, Malaysia's second largest Sunday newspaper, and writes a monthly column on biotech and business for The Edge, Malaysia's largest business weekly. Dr Rajen Manicka is a member of the Malaysian Ministry of Health Standing Committee for Traditional Medicine and until March 2009 was on the board of Malaysian Herbal Corporation Sdn Bhd, a wholly owned subsidiary of the Malaysian Industry - Government Group for High Technology.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	85,735,272
Interests in options:	Nil
Interests in rights:	1,800,000 Class C Performance Rights 900,000 Class D Performance Rights
Contractual rights to shares:	Nil
Name:	Mr Daniel Joseph O'Connor
Title:	Non-Executive Chairman (Appointed as Non-Executive Director in November 2011 and appointed as Non-Executive Chairman on 11 August 2020)
	Independent
Qualifications:	B.Bus, MBA, FAICD (Dip) CPM, AIMM, MAIM, MAIeX.
Experience and expertise:	Mr O'Connor has spent more than 30 years in the commercialisation of intellectual property and has worked with R&D teams across Asia, North America, and Australia. He is a published author, mentor, coach, commercialisation consultant, and Company Director. He is the Consultant Principal of the on-line coaching and mentoring group Incubate IP. Mr O'Connor is a member of the UN Task Force on Innovation and Competitiveness and works with Corporate Leaders, inventors, and R&D team managers who need greater traction and focus with patent portfolio management and driving their commercialisation projects (www.incub8IP.com). He has been a Director of Holista for more than five years.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

Holista Colltech Limited
Directors' report
31 December 2020

Name:	Mr Chan Heng Fai
Title:	Non-Executive Director (<i>Appointed 13 June 2013</i>)
Qualifications:	Independent
Experience and expertise:	Mr Chan has restructured over 35 companies in different industries and countries in the past 40 years.
Other current directorships:	In 1987, Mr Chan acquired American Pacific Bank, a full-service U.S. commercial bank, out of bankruptcy. He recapitalised, refocused and grew the bank's operations. Under his guidance, American Pacific Bank became a US NASDAQ high asset quality bank, with zero loan losses for over five consecutive years before it was ultimately bought and merged into Riverview Bancorp Inc. Prior to its merger with Riverview Bancorp Inc., in June 2004, American Pacific Bank was ranked 13 by the Seattle Times "Annual Northwest's Top 100 Public Companies" for the year 2003, and ranked 6 in the Oregon state, which ranked ahead of names such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.
Former directorships (last 3 years):	None
Interests in shares:	46,226,673 Ordinary Shares
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil
Name:	Mr Blair Michelson
Title:	Non-Executive Director (<i>appointed on 11 August 2020</i>)
Qualifications:	N/A
Experience and expertise:	Mr Michelson has over 30 years experience as a management consultant in the areas of risk, compliance, governance and systems, and asset management across a wide range of industries in Australia and overseas. He is currently the Director/Proprietor of two boutique consultancies, Qualita International and Alpha Asset Management Systems and has previously consulted to Government, Not-For-Profit, public, and large and small private clients
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil
Name:	Mr Jonathan Pager
Title:	Non-Executive Director (<i>appointed 2 July 2020 and resigned on 11 August 2020</i>)
Qualifications:	Master of economics, CA
Experience and expertise:	Mr Jonathan Pager has over 25 years of experience as a management consultant and corporate adviser across a wide range of industries in Australia and overseas. During his career, Jonathan has worked with both large and small companies and has completed a broad range of transactions and raisings in both public and private markets
Other current directorships:	Managing Director of Pager Partners Corporate Advisory
Former directorships (last 3 years):	None
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

Holista Colltech Limited
Directors' report
31 December 2020

Name:	Mr Brett Fraser
Title:	Non-Executive Director (<i>resigned 2 July 2020</i>)
Qualifications:	FCPA, F.FIN, FGIA
Experience and expertise:	Mr Fraser is an experienced ASX company director and has worked in the finance and securities industry for over 30 years. He has started, managed, owned and operated businesses across wine, health, finance, media, brewing, tourism, and mining. For many years, Mr Fraser has been a consultant to companies on sell side transactions, business acquisitions, business strategy and restructuring, initial public offerings, capital raisings and corporate governance. He is a Fellow of CPA Australia, Financial Services Institute of Australasia and Governance Institute of Australia, and holds a Bachelor of Business (Accounting) and Graduate Diploma in Finance from the Securities Institute of Australia. Mr Fraser is currently a director of Sundance Resources Limited and a former director of Aura Energy Limited, Drake Resources Limited, Doray Minerals Limited, Blina Minerals NL, Brainytoys Limited, Empire Resources Limited and Gage Roads Brewing Co Limited.
Other current directorships:	Sundance Resources Limited
Former directorships (last 3 years):	Aura Energy Limited, Blina Minerals NL
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2020, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr Rajen Manicka	15	15	-	-	-	-
Mr Daniel Joseph O'Connor	15	15	-	-	-	-
Mr Chan Heng Fai	14	15	-	-	-	-
Mr Blair Michelson	4	4	-	-	-	-
Mr Jonathan Pager	4	11	-	-	-	-
Mr Brett Fraser	5	7	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

At the date of this report, both the Nomination and Remuneration Committee and the Audit and Risk Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

Indemnity and insurance of officers

Indemnification

The Company has agreed to indemnify all the directors of Holista for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

Insurance premiums

During the financial year the Group has paid a premium of \$17,418 (2019: \$20,064) in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001 (Cth).

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Shares under option

There were no unissued ordinary shares of Holista Colltech Limited under option outstanding at the date of this report.

Shares issued on the exercise of performance rights

The following ordinary shares of Holista Colltech Limited were issued during the year ended 31 December 2020 and up to the date of this report on the exercise of performance rights granted:

Type of performance rights	Exercise price	Number of shares issued
Class A Performance Rights	\$0.105	3,600,000
Class B Performance Rights	\$0.105	<u>2,700,000</u>
		<u><u>6,300,000</u></u>

Shares under Performance Rights

Unissued ordinary shares of Holista Colltech Limited under performance rights at the date of this report are as follows:

Type of performance rights	Exercise Price	Number of shares under Performance rights
Class C Performance Rights	\$0.15	1,800,000
Class D Performance Rights	\$0.15	<u>900,000</u>
		<u><u>2,700,000</u></u>

Non-audit services

During the year, no fees were paid or payable for other services provided by Stantons International Audit and Consulting Pty Ltd. However, Marsden International, an affiliate of Stantons International provided tax compliance and independent expert services. Non-audit fees amounted to \$5,870(2019: \$11,518).

Holista Colltech Limited
Directors' report
31 December 2020

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Proceedings on behalf of the company

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Remuneration report (audited)

Key management personnel (KMP)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of KMP remuneration
- Service agreements
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Company depends upon the quality of the KMP. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

Remuneration committee

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives, and currently its responsibilities are undertaken by the full Board.

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality KMP.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 1 December 2003 when shareholders approved an aggregate remuneration of \$200,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. An additional fee is also paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

The remuneration of non-executive directors for the year ended 31 December 2020 is detailed in note 29 'Key management personnel disclosures' of this remuneration report.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the company executives is detailed in note 29 of this remuneration report.

Holista Colltech Limited
Directors' report
31 December 2020

Variable Remuneration

The aggregate of annual payments available for KMP across the Group is subject to the approval of the Nomination and Remuneration Committee during the year.

Performance Based Remuneration Short-term and long-term incentive structure

The Board will review short-term and long-term incentive structures from time to time. Any incentive structure will be aligned with shareholders' interests

- *Short-term incentives*

No short-term incentives in the form of cash bonuses were granted during the year.

- *Long-term incentives*

The Board has a policy of granting incentive options and performance rights to KMP with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

The executive Directors will be eligible to participate in any short term and long-term incentive arrangements operated or introduced by the Company (or any subsidiary) from time to time.

Service Contracts

Remuneration and other terms of employment for the directors and other KMP are formalised in contracts of employment.

Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

Relationship between Remuneration of KMP and Earnings

The Company is also in the midst of commercialising some of its patented technologies, namely its Healthy Food ingredients and Sheep Collagen. Accordingly, the Company's remuneration policy during the current and the previous four financial years is not related to the Company's performance.

Details of KMP remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Holista Colltech Limited:

- Rajen Manicka
- Daniel Joseph O'Connor (appointed as Non-Executive chairman 11 Aug 2020)
- Chan Heng Fai
- Blair Michelson (appointed 11 Aug 2020)
- Brett Fraser (appointed 21 Feb 2020 and resigned 2 Jul 2020)
- Jonathan Pager (appointed 2 Jul 2020 and resigned 11 Aug 2020)

Holista Colltech Limited
Directors' report
31 December 2020

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Other*	Super-annuation	Long service leave	Equity-settled	Total
2020	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Daniel Joseph O'Connor** ¹	53,000	-	-	17,903	-	-	15,050	85,953
Chan Heng Fai ²	36,000	-	-	2,903	-	-	-	38,903
Blair Michelson ³	18,000	-	-	79,903	-	-	-	97,903
Jonathan Pager	17,333	-	-	2,903	-	-	-	20,236
Brett Fraser**	21,500	-	-	10,903	2,043	-	-	34,446
<i>Executive-Directors:</i>								
Rajen Manicka***	296,018	11,747	-	2,903	58,478	-	-	369,146
	441,851	11,747	-	117,418	60,521	-	15,050	646,587

* Other short term benefits represents D&O insurances of \$2,903 for each director and additional consultancy fees paid to directors.

** Increase of cash salary and fees from \$48,000 to \$53,000 is due to position change from Non-Executive Director to Non-Executive Chairman.

*** Super-annuation refers to Malaysia entitlement calculated at 19% of the total of the Short-term benefits.

(1) Mr. Daniel remuneration was paid by way of fees to Kickstart Plus Pty Ltd

(2) Mr. Blair remuneration was paid by way of fees to Qualita International

(3) Mr. Jonathan remuneration was paid by way of fees to Pager Partners Corporate Advisory

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
	Salary, fees and leave	Profit share and bonus	Non-monetary	Other*	Super-annuation	Long service leave	Equity-settled	Total
2019	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Daniel Joseph O'Connor ¹	48,000	-	-	6,688	-	-	-	54,688
Chan Heng Fai	36,000	-	-	6,688	-	-	-	42,688
<i>Executive Directors:</i>								
Rajen Manicka	286,202	-	-	6,688	54,382	-	-	347,272
	370,202	-	-	20,064	54,382	-	-	444,648

* Other short term benefits represents D&O insurances of \$6,688 for each director.

(1) Mr. Daniel remuneration was paid by way of fees to Kickstart Plus Pty Ltd

Holista Colltech Limited
Directors' report
31 December 2020

Service agreements

On 7 September 2010, the Group entered into an Employment Agreement with Dr Rajen Manicka to act as Chief Executive Officer and Managing Director. On the 2 July 2018, the Board of Directors reviewed and renewed the Employment Agreement of Dr Rajen Manicka as the Chief Executive Director and Managing Director of the Group.

Name:	Dr Rajen Manicka
Commencement date:	10 July 2018
Termination date of contract:	Initial 3-year period
Period of notice for resignation/termination:	3 months
Remuneration:	RM817,464 per annum with annual increments of 3% - 5%.
Termination (with cause):	The Company may terminate at any time without notice if serious misconduct has occurred. Where termination with cause occurs, employees are only entitled to entitlements up to the date of termination and any unvested options will immediately be forfeited.
Termination (without cause):	The Agreement provides for the termination of the Agreement by paying a severance payment of up to three months in addition to notice period.

Share-based compensation

Issue of shares

There were no shares issued to directors as part of compensation during the year ended 31 December 2020.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors in this financial period or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Rajen Manicka	2,700,000	09/01/2017	30/06/2021	30/06/2021	\$0.00	\$0.15

In financial year 2017, 9,000,000 performance rights were granted to Dr Manicka. From these, during FY2020, 6,300,000 shares were issued as a result of the same number of options exercised that had previously been granted as compensation. Please refer to note 40 'Share-based payments'.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of compensation	Exercise of performance rights	Disposals/ other	Balance at the end of the year
Ordinary shares					
Rajen Manicka	79,435,272	-	6,300,000	-	85,735,272
Daniel Joseph O'Connor	-	-	-	-	-
Chan Heng Fai	46,226,673	-	-	-	46,226,673
Total Ordinary Shares	125,661,945	-	6,300,000	-	131,961,945

Option holding

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Daniel Joseph O'Connor	3,500,000	3,500,000	-	(7,000,000)	-

Holista Colltech Limited
Directors' report
31 December 2020

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Rajen Manicka	9,000,000	-	(6,300,000)	-	2,700,000

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

This concludes the remuneration report, which has been audited.

Officers of the company who are former partners of Stantons International

There are no officers of the Company who are former partners of Stantons International .

Auditor

Stantons International continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Daniel Joseph O'Connor
Non-executive Chairman

31 March 2021

Holista Colltech Limited
Auditor's independence declaration

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188

Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

31 March 2021

Board of Directors
Holista CollTech Limited
Level 5, 126 Phillip Street,
Sydney NSW 2000

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 Audit Director for the audit of the financial statements of Holista CollTech Limited for the year ended 31 December 2020, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

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



Samir Tirodkar
Director

Holista Colltech Limited
Contents
31 December 2020

General information

The financial statements cover Holista Colltech Limited as a consolidated entity consisting of Holista Colltech Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Holista Colltech Limited's functional and presentation currency.

Holista Colltech Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 5,
126 Phillip Street,
Sydney NSW 2000,
Australia

Principal place of business

Unit 1201, 12th Floor,
Amcorp Trade Centre, PJ Tower
No 18, Persiaran Barat,
46000 Petaling Jaya, Malaysia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 March 2021. The directors have the power to amend and reissue the financial statements.

Holista Colltech Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 \$	2019 \$
Revenue from contracts with customers	4	7,106,635	7,257,778
Other income	5	368,739	147,131
Expenses			
Changes in inventories of finished goods and work in progress		363,950	197,844
Raw materials and consumables used		(3,484,941)	(3,277,420)
Distribution costs and other costs of sales		(404,327)	(467,599)
Advertising and promotion		(473,592)	(431,186)
Consultancy and professional fees		(939,209)	(502,222)
Depreciation and amortisation expense		(220,869)	(305,355)
Employee benefits	6	(2,891,621)	(2,824,511)
Finance costs		(68,406)	(88,820)
Foreign exchange (loss)		(381,130)	(38,790)
Impairment	6	(3,310,442)	407,096
Research and development		(339,850)	(132,275)
Share-based payments expense	40	(168,170)	(90,524)
Other expenses	6	(750,747)	(628,846)
Loss before income tax expense		(5,593,980)	(777,699)
Income tax expense	7	(86,587)	(126,335)
Loss after income tax expense for the year		(5,680,567)	(904,034)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation		88,979	44,092
Other comprehensive income for the year, net of tax		88,979	44,092
Total comprehensive income for the year		<u>(5,591,588)</u>	<u>(859,942)</u>
Loss for the year is attributable to:			
Non-controlling interest		(197,400)	(214,183)
Owners of Holista Colltech Limited		<u>(5,483,167)</u>	<u>(689,851)</u>
		<u>(5,680,567)</u>	<u>(904,034)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		75,747	(66,319)
Owners of Holista Colltech Limited		<u>(5,667,335)</u>	<u>(793,623)</u>
		<u>(5,591,588)</u>	<u>(859,942)</u>
		Cents	Cents
Basic loss per share	39	(2.04)	(0.29)
Diluted loss per share	39	(2.04)	(0.29)

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

Holista Colltech Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	8	2,725,237	101,400
Trade and other receivables	9	1,558,007	3,218,105
Inventories	10	1,108,346	675,782
Other current assets	11	1,201,977	1,010,820
Total current assets		6,593,567	5,006,107
Non-current assets			
Property, plant and equipment	12	1,112,490	1,317,918
Right-of-use asset	13	124,824	158,982
Intangible assets	14	146,471	776,121
Deferred tax asset	15	75,412	137,921
Other non-current assets	16	-	529,489
Total non-current assets		1,459,197	2,920,431
Total assets		8,052,764	7,926,538
Liabilities			
Current liabilities			
Trade and other payables	17	1,719,277	2,626,814
Contract liabilities	18	458,729	515,719
Borrowings	19	401,173	337,341
Leases	20	28,155	39,702
Short-term provisions		13,414	17,687
Total current liabilities		2,620,748	3,537,263
Non-current liabilities			
Borrowings	19	430,605	436,236
Leases	20	82,764	108,437
Provisions	21	275,000	275,000
Total non-current liabilities		788,369	819,673
Total liabilities		3,409,117	4,356,936
Net assets		4,643,647	3,569,602
Equity			
Issued capital	22	21,707,478	14,548,515
Reserves	23	(137,344)	2,329,439
Accumulated losses	24	(16,149,123)	(12,455,239)
Equity attributable to the owners of Holista Colltech Limited		5,421,011	4,422,715
Non-controlling interest	25	(777,364)	(853,113)
Total equity		4,643,647	3,569,602

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

Holista Colltech Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

	Issued capital	Share-based Payments Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Non- controlling interest	Total equity
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 January 2019	14,548,515	4,899,791	(228,428)	(13,869,412)	(786,794)	4,563,672
Adjustment for change in Accounting policy - AASB 16	-	-	-	(224,652)	-	(224,652)
Balance at 1 January 2019 - restated	14,548,515	4,899,791	(228,428)	(14,094,064)	(786,794)	4,339,020
Loss after income tax expense for the year	-	-	-	(689,851)	(214,183)	(904,034)
Other comprehensive income for the year, net of tax	-	-	(103,772)	-	147,864	44,092
Total comprehensive income for the year	-	-	(103,772)	(689,851)	(66,319)	(859,942)
<i>Transactions with owners in their capacity as owners:</i>						
Recognition of performance rights	-	90,524	-	-	-	90,524
Transfer of expired option balance	-	(2,347,593)	-	2,347,593	-	-
Transfer to and from reserves	-	-	18,917	(18,917)	-	-
Balance at 31 December 2019	<u>14,548,515</u>	<u>2,642,722</u>	<u>(313,283)</u>	<u>(12,455,239)</u>	<u>(853,113)</u>	<u>3,569,602</u>
	Issued capital	Share-based Payments Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Non- controlling interest	Total equity
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	14,548,515	2,642,722	(313,283)	(12,455,239)	(853,113)	3,569,602
Loss after income tax expense for the year	-	-	-	(5,483,167)	(197,400)	(5,680,567)
Other comprehensive income for the year, net of tax	-	-	(184,170)	-	273,149	88,979
Total comprehensive income for the year	-	-	(184,170)	(5,483,167)	75,749	(5,591,588)
Shares issued during the year (note 22)	6,527,337	-	-	-	-	6,527,337
Transaction costs (note 22)	(29,874)	-	-	-	-	(29,874)
Transfer of expired options balance	-	(1,505,783)	-	1,505,783	-	-
Exercise of performance rights	661,500	(945,000)	-	283,500	-	-
Shares based payment expenses (note 40)	-	168,170	-	-	-	168,170
Balance at 31 December 2020	<u>21,707,478</u>	<u>360,109</u>	<u>(497,453)</u>	<u>(16,149,123)</u>	<u>(777,364)</u>	<u>4,643,647</u>

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

Holista Colltech Limited
Consolidated statement of cash flows
For the year ended 31 December 2020

	Note	Consolidated 2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		6,324,724	7,231,436
Payments to suppliers and employees		(10,342,180)	(7,422,701)
Finance costs		(68,406)	(83,839)
Interest received		23,405	9,221
Other revenue		268,856	133,678
Income tax paid		(74,009)	(28,770)
Net cash (used in) operating activities	37	(3,867,610)	(160,975)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(13,362)	(70,985)
Purchase of intellectual property	14	(20,979)	(39,548)
Loans repaid/(advanced), net		-	73,226
Increase / Refund of deposits/investments		(46,405)	52,516
Net cash (used in) investing activities		(80,746)	15,209
Cash flows from financing activities			
Proceeds from issue of shares	22	6,527,337	-
Proceeds from/(Repayment of) borrowings, net		121,669	(83,840)
Repayment of lease		(39,621)	(33,168)
Share issue transaction costs		(29,874)	-
Net cash generated from financing activities		6,579,511	(117,008)
Net increase/(decrease) in cash and cash equivalents		2,631,155	(262,774)
Cash and cash equivalents at the beginning of the financial year		101,400	357,705
Change in foreign currency held		(7,318)	6,469
Cash and cash equivalents at the end of the financial year	8	<u>2,725,237</u>	<u>101,400</u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 after tax for the year of \$5,680,567 (2019: \$904,034 loss) and a net cash out-flow from operating activities of \$3,867,610 out-flow (2019: \$160,975 out-flow). As at 31 December 2020, the Group's working capital amounted to \$3,972,819 (2019: \$1,468,844 working capital), as disclosed in note 22 of the Issued capital note.

This financial report is prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group's ability to generate positive cash flows through its existing business and/ or raising of further equity.

As the world battle against COVID 19 pandemic is far from over, the Group is confident that the revenue from different business segments will continue to grow and contribute positively to its cashflows and profitability in the year 2021. The Group is optimistic about its ability to meets all its liabilities.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should he group not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Holista Colltech Limited ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. Holista Colltech Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the legal parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Note 1. Significant accounting policies (continued)

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Value added taxes

Value-added tax (VAT) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (Goods and Services Tax or GST) and in Malaysia (Goods and Services Tax or GST), hereafter collectively referred to as GST.

Revenues, expenses, and assets are recognised net of the amounts of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (or jurisdictional equivalent) is included as a current asset or liability in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Fair Value

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use

Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Note 1. Significant accounting policies (continued)

- Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- If a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- If significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows into income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

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.

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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:

- Key estimate – taxation (note 7 Income Tax)
- Key estimate – impairment of property, plant and equipment (note 12 Property, plant and equipment)
- Key estimate – impairment of goodwill (note 14 Intangible assets)
- Key estimate – determining stand-alone selling price of the loyalty points (note 18 contract liabilities)
- Key estimate – determining the lease term (note 20 Leases)
- Key estimate - determining the cost of equity-settled transactions (note 40 Share-based payments)
- Key estimate - determining the allowance for expected credit losses (note 9 trade and other receivables)

Note 3. Operating segments

Identification of reportable operating segments

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (the Board) on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the principal activities – Supplements; Ovine Collagen; Infection Control Solutions; Food Ingredients; and Corporate.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker 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.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Supplements	This operating segment is involved in the manufacture and wholesale distribution of dietary supplements.
Ovine collagen	This operating segment is involved in the manufacture and distribution of cosmetic grade collagen.
Food ingredients	This operating segment is involved in the manufacture and wholesale distribution of healthy food ingredients.
Infection control	This operating segment is involved in the infection control solutions.

Intersegment transactions

All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

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

Note 3. Operating segments (continued)

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. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Major customers

The Group has a number of customers to whom it provides both products and services.

Within the Supplement segment, the Group supplies to a number of retailers through one single external distributor who accounts for 83% (2019: 77.1%) of total revenue for this segment. For Food Ingredients and Infections Control business segments, the Group supplies to a few major customers that accounts 71% (2019: Nil) of revenue for this segment. The Group supplies to a few external customers for the Ovine Collagen segment, where the major customer accounts for 89% (2019: 97.0%) of revenue for this segment.

Segment Financial Performance

Year ended 31 December 2020	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Infection Control \$	Corporate \$	Total
Revenue						
External sales	5,243,791	173,400	1,024,525	664,919	-	7,106,635
Other income	-	-	-	-	368,739	368,739
Total segment revenue	5,243,791	173,400	1,024,525	664,919	368,739	7,475,374

Reconciliation of segment revenue to group revenue:

Total expenses	(5,413,679)	(671,672)	(1,499,563)	(1,265,290)	(4,219,150)	(13,069,354)
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Segment (loss) from continuing operations before tax

	<u>(169,888)</u>	<u>(498,272)</u>	<u>(475,038)</u>	<u>(600,371)</u>	<u>(3,850,411)</u>	<u>(5,593,980)</u>
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Year ended 31 December 2019	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Infection Control \$	Corporate \$	Total \$
Revenue						
External sales	6,633,235	460,750	163,793	-	-	7,257,778
Other income	-	-	-	-	147,131	147,131
Total segment revenue	6,633,235	460,750	163,793	-	147,131	7,404,909

Reconciliation of segment revenue to group revenue:

Total expenses	(6,222,006)	(804,156)	(577,076)	-	(579,370)	(8,182,608)
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Segment (loss) from continuing operations before tax

	<u>411,229</u>	<u>(343,406)</u>	<u>(413,283)</u>	<u>-</u>	<u>(432,239)</u>	<u>(777,699)</u>
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Holista Colltech Limited
Notes to the consolidated financial statements
31 December 2020

Note 3. Operating segments (continued)

At as 31 December 2020	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Infection Control \$	Corporate \$	Total \$
Segment Assets	2,891,061	5,734,695	2,178,633	125,509	-	10,929,898
Intra-segment eliminations	-	-	-	-	(2,877,134)	(2,877,134)
Total assets	<u>2,891,061</u>	<u>5,734,695</u>	<u>2,178,633</u>	<u>125,509</u>	<u>(2,877,134)</u>	<u>8,052,764</u>
Segment Liabilities	(1,344,937)	(487,690)	(4,440,377)	(722,947)	-	(6,995,951)
Intra-segment eliminations	-	-	-	-	3,576,834	3,576,834
Total liabilities	<u>(1,344,937)</u>	<u>(487,690)</u>	<u>(4,440,377)</u>	<u>(722,947)</u>	<u>3,576,834</u>	<u>(3,419,117)</u>
Total net assets	<u>1,546,124</u>	<u>5,247,005</u>	<u>(2,261,744)</u>	<u>(597,438)</u>	<u>699,700</u>	<u>4,633,647</u>
Year ended 31 December 2019	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Infection Control \$	Corporate \$	Total
Segment Assets	5,537,369	6,251,379	1,157,761	-	-	12,946,509
Intra-segment eliminations	-	-	-	-	(5,019,971)	(5,019,971)
Total assets	<u>5,537,369</u>	<u>6,251,379</u>	<u>1,157,761</u>	<u>-</u>	<u>(5,019,971)</u>	<u>7,926,538</u>
Segment Liabilities	(1,450,949)	(2,450,226)	(2,877,338)	-	-	(6,778,513)
Intra-segment eliminations	-	-	-	-	2,421,577	2,421,577
Total liabilities	<u>(1,450,949)</u>	<u>(2,450,226)</u>	<u>(2,877,338)</u>	<u>-</u>	<u>2,421,577</u>	<u>(4,356,936)</u>
Total Net assets	<u>4,086,420</u>	<u>3,801,153</u>	<u>(1,719,577)</u>	<u>-</u>	<u>(2,598,394)</u>	<u>3,569,602</u>

Assets by geographical region

The location of segment assets (before intra-segment eliminations) by geographical location of the assets is disclosed below:

	Consolidated 2020 \$	Consolidated 2019 \$
Australia	5,734,695	6,251,379
Malaysia	4,376,318	5,537,369
United States	818,885	1,157,761
Total assets	<u>10,929,898</u>	<u>12,946,509</u>

Revenue by geographical area

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	Consolidated 2020 \$	Consolidated 2019 \$
Australia	173,400	460,750
Malaysia	6,324,178	6,633,235
United States	609,057	163,793
Total revenue	<u>7,106,635</u>	<u>7,257,778</u>

Unallocated Items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

Note 3. Operating segments (continued)

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income
- Corporate transaction accounting expense

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Revenue from contracts with customers

	Consolidated	
	2020	2019
	\$	\$
Revenue from contracts with customers	<u>7,106,635</u>	<u>7,257,778</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2020	2019
	\$	\$
Supplements	5,243,791	6,633,235
Sheep Collagen	173,400	460,750
Food Ingredients	1,024,525	163,793
Infection Control	664,919	-
	<u>7,106,635</u>	<u>7,257,778</u>

Geographical regions

Australia	173,400	460,750
Malaysia	6,324,178	6,633,235
United States	609,057	163,793
	<u>7,106,635</u>	<u>7,257,778</u>

Timing of revenue recognition

Goods transferred at a point in time	<u>7,106,635</u>	<u>7,257,778</u>
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Accounting policy for Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract and determine at what point they are satisfied;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Recognise the revenue as the performance obligations are satisfied.

Note 4. Revenue from contracts with customers (continued)

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Sale of health care products

Sale of health care products comprise revenue from supplements, food ingredients and infection control.

Revenue from sales of health care products is recognised at the point in time when control of the asset is transferred to the customer, i.e. upon delivery of goods to the customers. Some contracts for the sale of health care products provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

a. Rights of return

Certain contracts provide a customer with a right of return the goods within a specific period. The Group uses its accumulated historical experience to estimate the level of returns using the expected value method because this method best predicts the amount of variable consideration to which the Group will be entitled. The constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return assets and corresponding adjustment to cost of sales is also recognised for the right to recover products from a customer.

b. Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies that requirements on constraining estimates of variable consideration and recognised a refund liability for the expected future rebates.

Sale of health care products through single level direct selling

Revenue from single level direct selling of health care products is recognised at the point in time when control of the asset is transferred to the customer, i.e. upon delivery of goods to the customers.

Note 4. Revenue from contracts with customers (continued)

Royalty income

Sales based royalties are recognised at the later of when the subsequent sale occurs and the satisfaction of the performance obligation to which some or all of the sales-based royalty has been allocated.

Sale of raw ingredients

Sale of raw ingredients comprise sales from sheep collagen, food ingredients and infection control.

Revenue from sales of raw ingredients are recognised at the point in time when the control of the asset is transferred to the customer, i.e. upon delivery of goods to the customers.

Customer loyalty points

Deferred revenue in respect to customer loyalty points is recognised in accordance with note 18 Key estimates –Deferred revenue for customer loyalty points

Assets and liabilities arising from rights of return

Assets and liabilities arising from rights of return in accordance with note 11 Right-of-return assets, note 17 Refund liabilities, and note 18 Contract liabilities.

Note 5. Other income

	Consolidated	
	2020	2019
	\$	\$
Government Grants - Research and development	163,540	133,678
Government Grants - Cashflow Boost and JobKeeper Subsidy	105,316	-
Interest income	23,405	9,221
Other income	76,478	4,232
Other income	<u>368,739</u>	<u>147,131</u>

Accounting Policy for Interest Income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Accounting Policy for Government grants

Government grants are recognised upon receipts of cash.

Note 6. Loss before income tax

	Consolidated	
	2020	2019
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Impairment</i>		
Impairment of other assets (note 11)	448,086	-
Impairment of funds loaned recovered	-	(511,744)
Impairment on credit losses (note 9)	2,341,655	-
Impairment of intangibles – Emulin trademark (note 14)	-	104,350
Impairment of goodwill (note 14)	520,655	-
Doubtful debts expensed	46	298
Total impairment	<u>3,310,442</u>	<u>(407,096)</u>
<i>Other Expenses</i>		
Compliance and regulatory costs	267,913	117,648
Insurance	77,103	64,700
Other expenses	13,463	33,063
Collie factory maintenance costs	110,306	117,922
Audit fees	86,334	89,486
Office expense and other occupancy costs	195,628	206,027
Total Other Expenses	<u>750,747</u>	<u>628,846</u>
<i>Employee Benefit Expense Short-term</i>		
Salary and wages, including directors fees	1,988,208	1,940,099
Superannuation	247,538	250,409
Medical and Insurance	98,478	68,643
Bonus and Incentive	316,637	280,643
Travel	152,071	211,483
Others	88,689	73,234
Total Employee Benefit Expense Short-term	<u>2,891,621</u>	<u>2,824,511</u>

Accounting policy for Impairment on credit losses

Refer to note 9

Accounting policy for Impairment on Intangibles including Goodwill

Refer to note 14

Accounting policy for Employee Benefit Expense Short-term

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Accounting policy for Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

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Note 7. Income tax expense

	Consolidated	
	2020	2019
	\$	\$
<i>Income tax expense</i>		
Current Income tax	36,235	126,335
Deferred Income tax	50,352	-
	<u>86,587</u>	<u>126,335</u>
Aggregate income tax expense		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(5,593,980)	(777,699)
Tax at the statutory tax rate of 27.5%	(1,538,345)	(213,867)
Non-deductible expenses	1,004,356	27,818
Research and development tax offset exempted from tax	(44,974)	(36,761)
Foreign tax losses not recognised	83,196	182,365
Foreign income tax payable	86,587	126,335
Deferred tax asset not brought to account	304,814	93,465
Profit attributable to foreign subsidiaries	(108,225)	-
Timing differences	299,178	(53,020)
	<u>86,587</u>	<u>126,335</u>
Income tax expense		
	%	%

The applicable weighted average effective tax rates attributable to operating profit are as follows:

<u>1.55</u>	<u>(16.24)</u>
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The tax rates used in the above reconciliations is the corporate tax rate of 27.5% payable by the Australian corporate entity on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting year.

The foreign income tax payable relates to the Malaysian corporate entities, where the current corporate tax rate is 24%. The Malaysian corporate entities' tax losses have unrecognised deferred tax assets in relation to unutilised tax losses carried forward for which no deferred tax asset has been recorded as it is not probable that taxable profit will be available in the foreseeable future.

	Consolidated	
	2020	2019
	\$	\$
Tax losses and deductible temporary differences		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
Tax losses Australia	2,468,942	2,165,402
Tax losses attributable to foreign subsidiaries	1,439,059	1,355,863
	<u>3,908,001</u>	<u>3,521,265</u>

Potential deferred tax assets attributable to tax losses have not been brought to account at 31 December 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

Note 7. Income tax expense (continued)

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the Group continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the Group 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.

The parent company has accumulated tax losses of \$8,974,034 (2019: \$7,870,251) which are expected to be available indefinitely for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment of the Australian Taxation Office. The parent company has additional accumulated tax losses of \$1,103,783 which are not expected to be available to offset any future taxable profits as their origin cannot be determined. No deferred tax asset has been recorded in relation to these tax losses as it is not probable that taxable profit will be available in the foreseeable future and they may not be used to offset taxable.

Accounting policy for Income tax benefit

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Note 7. Income tax expense (continued)

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Holista Colltech Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	\$	\$
Cash at bank	310,191	101,400
Cash on deposit	2,415,046	-
	<u>2,725,237</u>	<u>101,400</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Holista Colltech Limited
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Note 9. Current assets - trade and other receivables

		Consolidated					
		2020		2019			
		\$		\$			
Trade receivables		3,138,830		2,623,781			
Less: Allowance for expected credit losses		(1,751,581)		-			
		<u>1,387,249</u>		<u>2,623,781</u>			
Other receivables		119,634		62,964			
Amounts advanced to a related party		180,623		180,623			
Amounts advanced to a third party		294,534		294,534			
Less: allowance for expected credit losses		(475,157)		-			
Interest receivable		51,124		56,203			
		<u>1,558,007</u>		<u>3,218,105</u>			

2020	Not past due	Past due up to 30 days	Past due 31-60 days	Past due 61-90 days	Past due over 90 days	Net
Trade receivables-Gross value	1,327,973	51,208	71,332	344,965	1,343,352	3,138,830
Allowance for expected credit losses	(20,796)	-	(58,824)	(332,797)	(1,339,164)	(1,751,581)
Other receivables-net	170,758	-	-	-	-	170,758
	<u>1,477,935</u>	<u>51,208</u>	<u>12,508</u>	<u>12,168</u>	<u>4,188</u>	<u>1,558,007</u>

2019	Not past due	Past due up to 30 days	Past due 31-60 days	Past due 61-90 days	Past due over 90 days	Total
Trade receivables-Gross value	1,444,093	285,142	76,504	-	818,042	2,623,781
Other receivables-net	594,324	-	-	-	-	594,324
	<u>2,038,417</u>	<u>285,142</u>	<u>76,504</u>	<u>-</u>	<u>818,042</u>	<u>3,218,105</u>

The average credit period on sales of goods and rendering of services ranges from 30 to 240 days. Interest is not charged. During the year ended 31 December 2020 an allowance of \$1,751,581 has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods, determined by reference to past default experience. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

Included in trade receivables is an amount due from companies in which a director has interest of \$1,071,048 (2019: \$1,413,601). During the year ended 31 December 2020, an allowance of \$1,071,048 (2019: \$Nil) has been made.

As at 31 December 2019, the amounts advanced to a related party of \$180,623 charged interest at 3% and the amount advanced to a third party of \$294,534 charged interest at 3% in its first year and 5% in its second year, on accrual basis. During the year ended 31 December 2020, an impairment of \$475,157 has been made to fully impair the amounts advanced to a related party and a third party.

Accounting policy for trade and other receivables

Trade receivables are generally due for settlement within periods ranging from 30 to 240 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Note 9. Current assets - trade and other receivables (continued)

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Accounting policy for allowance for expected credit losses

The Group assesses impairment on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Note 10. Current assets - inventories

	Consolidated	
	2020	2019
	\$	\$
Raw materials - at cost	948,667	302,726
Finished goods - at cost	33,336	373,056
Stock-in-transit - at cost	126,343	-
	<u>1,108,346</u>	<u>675,782</u>

Accounting policy for inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials - purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Stock-in-transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 11. Current assets - Other current assets

	Consolidated	
	2020	2019
	\$	\$
Prepayments	239,412	614,602
Security deposits	320,463	303,921
Other deposits	21,566	14,645
Loan to a related party	481,641	-
Right-of-return assets	101,134	77,652
Tax recoverable	37,761	-
	<u>1,201,977</u>	<u>1,010,820</u>

Note 11. Current assets - Other current assets (continued)

Included in prepayment was an amount of \$448,086 for deposit and advances previously made to ProlImmune Company LLC for supply contract. As disclosed in December 2019 annual report, ProlImmune Company LLC filed for purported breached of supply contracts by the Company in February 2020. As it is not practical to estimate when the decision of the court will be made, the prepayments has been fully impaired.

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.

Loan to a related party as at 31 December 2020 is related to loan to Galen BioMedical Inc. which is non-interest bearing and repayable upon demand. Refer to note 16 for more details.

Accounting policy for Right of return assets

Right of return assets represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decrease in the value of the returned goods. At the end of each reporting period, the Group updates the measurement of the asset arising from the changes in expectations about products to be returned.

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2020	2019
	\$	\$
Freehold land and buildings	1,017,689	2,577,466
Less: Accumulated depreciation and impairment	(314,367)	(1,799,081)
	<u>703,322</u>	<u>778,385</u>
Plant and equipment	2,031,321	2,025,588
Less: Accumulated depreciation	(1,622,153)	(1,486,055)
	<u>409,168</u>	<u>539,533</u>
Total property, plant and equipment	<u><u>1,112,490</u></u>	<u><u>1,317,918</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Freehold land and buildings \$	Plant and equipment \$	Motor Vehicles \$	Total \$
Balance at 1 January 2019	791,187	613,714	24,186	1,429,087
Additions	-	70,985	-	70,985
Exchange rate differences	15,035	314	456	15,805
Reclassification to right-of-use assets	-	-	(24,642)	(24,642)
Depreciation expense	(27,837)	(145,480)	-	(173,317)
Balance at 31 December 2019	778,385	539,533	-	1,317,918
Additions	-	13,362	-	13,362
Exchange rate differences	(54,808)	(1,351)	-	(56,159)
Depreciation expense	(20,255)	(142,376)	-	(162,631)
Balance at 31 December 2020	<u><u>703,322</u></u>	<u><u>409,168</u></u>	<u><u>-</u></u>	<u><u>1,112,490</u></u>

Note 12. Non-current assets - property, plant and equipment (continued)

Land and buildings with a carrying amount of \$703,322 (2019: \$778,385) are subject to a first charge to secure a loan from CIMB Bank, Malaysia.

Collagen Extraction Facility in Collie, Western Australia

This facility was built on land subject to a 20 years lease entered into in June 2004. The facility buildings have a carrying value of \$nil as at 31 December 2020 (2019: \$nil).

Accounting policy for property, plant and equipment

Recognition and measurement

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see table below) and impairment losses (see accounting policy for impairment below).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Where considered material, the carrying amount of property, plant, and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative periods are:

Note 12. Non-current assets - property, plant and equipment (continued)

	2020 Bottom %	2020 Top %	2019 Bottom %	2019 Top %
Buildings	4.00	4.00	4.00	4.00
Plant and equipment	20.00	33.33	20.00	33.33
Motor vehicles	20.00	20.00	20.00	20.00

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of property, plant and equipment

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Note 13. Non-current assets - right-of-use asset

	Consolidated	
	2020	2019
	\$	\$
Properties	104,884	122,902
Motor vehicles	19,940	36,080
	<u>124,824</u>	<u>158,982</u>

No additions to the right-of-use assets were made during the reporting period.

	Consolidated	
	2020	2019
	\$	\$
Depreciation charge of right-of-use assets		
Properties	18,019	13,741
Motor vehicles	14,458	6,184
Other	-	7,785
	<u>32,477</u>	<u>27,710</u>
Interest expense (included in finance cost)	<u>7,334</u>	<u>26,354</u>

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Note 13. Non-current assets - right-of-use asset (continued)

Accounting policy for Right-of-Use Asset

The Group recognises a right-of-use asset at the commencement date of the lease. The right-of-use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Subsequent to initial measurement, the right of use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life as follows:

- Motor vehicles 5 years
- Properties (in Processing factory) 3 – 30 years

Right of use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Extension and termination options

An extension options is included in a property of the Group. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group and not by the respective lessor.

Note 14. Non-current assets - intangible assets

	Consolidated	
	2020	2019
	\$	\$
Goodwill	-	572,378
Patents and licences	216,788	314,864
Less: Accumulated amortisation	(70,317)	(111,121)
	146,471	203,743
	<u>146,471</u>	<u>776,121</u>

Note 14. Non-current assets - intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

Consolidated	Goodwill \$	Patents and licences \$	Total \$
Balance at 1 January 2019	568,161	386,556	954,717
Additions	-	17,285	17,285
Impairment	-	(104,350)	(104,350)
Exchange differences	4,217	4,292	8,509
Amortisation expense	-	(100,040)	(100,040)
Balance at 31 December 2019	572,378	203,743	776,121
Additions	-	20,979	20,979
Exchange differences	(51,723)	(7,032)	(58,755)
Impairment of assets	(520,655)	-	(520,655)
Write off of assets	-	(45,044)	(45,044)
Transfers (out)	-	(414)	(414)
Amortisation expense	-	(25,761)	(25,761)
Balance at 31 December 2020	-	146,471	146,471

Patents and licences

Included in the intangible is payment made to ATM Metabolics of \$255,030 (USD180,000) for use of the brand Emulin Plus per term sheet entered into on 6 December 2015. Exclusive Product Management and Distribution Agreement was signed on 9 January 2017. The Group has reached an out of court settlement with ATM Metabolics in November 2019 and the Group no longer will be selling the trademark Emulin. As a consequence, the Group has fully impaired the carrying amount of the asset related in respect to this trademark which amounted to \$104,350 in prior year.

Note 14. Non-current assets - intangible assets (continued)

Goodwill impairment testing

Goodwill relates to the acquisition of the food ingredients business in the USA. Consequently, the carrying amount of goodwill was allocated to the food ingredients CGU.

The recoverable amount of goodwill has been determined based on a value-in-use calculation using cash flow projections for the food ingredients business in the USA. Cash flows beyond the five-year forecast are extrapolated using estimated terminal growth rates.

In the current year, there has been considerable volatility in the economic environment as a result of COVID-19. Management has carefully assessed the impact of COVID-19 and the implications of lower economic activity on its operations. Management has observed that there has been a significant impact in the performance of the food ingredients business in the USA.

Based on management's current assessment, the carrying amount of the food ingredient's CGU exceeds its recoverable amount and consequently, the Group has recorded an impairment charge of \$520,655 in respect of the Food Ingredients CGU in USA.

Accounting policy on Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

	2020 %	2019 %
Patents and Licenses	20	20

Note 14. Non-current assets - intangible assets (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of non-financial assets, including goodwill

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Note 15. Non-current assets - Deferred tax asset

	Consolidated	
	2020	2019
	\$	\$
Deferred tax asset*	<u>75,412</u>	<u>137,921</u>

* Arising in Malaysian subsidiary

Note 16. Non-current assets - Other non-current assets

	Consolidated	
	2020	2019
	\$	\$
Loans to a related party	-	529,489

Note 16. Non-current assets - Other non-current assets (continued)

Loan to a related party as at 31 December 2019 is related to loan to Galen BioMedical Inc. The loan is supported by shares held in the Company. The Company re-assessed this loan as at 31 December 2020. It was determined that the borrower has sufficient capability to settle the loan and therefore no impairment of credit losses is provided at 31 December 2020 (2019: nil).

The loan is non-interest bearing and is repayable on demand, hence was reclassified as current asset in the current financial year (refer to Note 11). Galen Biomedical owns shares on the Company which are not pledged as collateral and are free from any encumbrances

Refer to note 1 for further information on fair value measurement.

Accounting policy for Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Note 17. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	829,857	1,581,813
Accruals	433,102	381,740
Amounts due to a Director	21,588	89,109
Dividends payable	22,360	24,581
Refund liability	368,905	391,813
Other payables	43,465	157,758
	<u>1,719,277</u>	<u>2,626,814</u>

Refer to note 27 for further information on financial instruments.

Included in the accruals is deferred revenue amounting of \$71,241 (2019: \$68,598) which represents customer loyalty points and is estimated based on the amount of loyalty points outstanding at reporting date that are expected to be redeemed.

Amounts due to a Director which amounted to \$ 21,588 (2019: \$89,109) refers to the accrued director fees of Mr Chan as at 31 December 2020.

Accounting policy for Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Accounting policy for Refund liability

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and measured at the amount the Group ultimately expects it will have to return to the customer. At the end of each reporting period, the Group updates its estimates of refund liabilities for changes in expectations about the amount of refunds and recognise the corresponding adjustments as revenue (or reductions of revenue).

Accounting policy for loyalty points programme

Note 17. Current liabilities - trade and other payables (continued)

The Group operates loyalty points programme which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. At the end of each reporting period, the Group updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

Key estimates – Deferred revenue for customer loyalty points

The Group operates loyalty points programme which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. At the end of each reporting period, the Group updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

Note 18. Current liabilities - contract liabilities

	Consolidated 2020 \$	2019 \$
Advance deposits	458,729	515,719

Accounting policy for Contract liabilities

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

Note 19. - Borrowings

	Consolidated 2020 \$	Consolidated 2019 \$
Current Borrowings		
Term Loan	29,027	57,045
Banker's acceptance	358,611	265,416
Loan from a related party*	13,535	14,880
Total Current Borrowings	401,173	337,341
Non-Current Borrowings		
Term Loan	430,605	436,236
Total Borrowings	831,778	773,577

* Loan from a related party is repayable upon demand and non-interest bearing.

Note 19. Borrowings (continued)

The bankers' acceptance bears interest of 3.7% (2019: 5.23%) and is secured by the following:

- Pledge of fixed deposits with licensed banks;
- Execution of a fresh letter of authorisation, memorandum of Deposit and letter of set off;
- First-party assignment over the office lots of the Company; and
- Joint and several guarantees from a Director of the Company

The term loan is repayable over 240 monthly instalments (principal plus interest) of \$2,866 (2019: \$5,119) which commenced on 1 October 2020. The term loan bears interest rates of 3.77% (2019: 5.77%) per annum and is secured by the following:

- First-party absolute assignment of all rights, interest, title and benefits in and to property beneficially owned by a Subsidiary Company;
- Corporate Guarantee by subsidiary company; and
- Personal Guarantee by a Director of the subsidiary company.

Assets pledged as security of liabilities

The carrying amounts of assets pledged as security for current borrowings are:

					Consolidated	
					2020	2019
					\$	\$
Inventories					623,681	675,782
Security deposits					1,768	14,645
Freehold land and buildings					703,322	778,385
					<u>1,328,771</u>	<u>1,468,812</u>
At balance date, the following financing facilities had been negotiated and were available:	Total facilities	Total facilities	Facilities used	Facilities used	Unused facilities	Unused facilities
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Term loan	459,632	493,281	(459,632)	(493,281)	-	-
Banker's acceptance	647,312	348,772	(358,611)	(265,416)	288,701	83,356
Total facilities at balance date	<u>1,106,944</u>	<u>842,053</u>	<u>(818,243)</u>	<u>(758,697)</u>	<u>288,701</u>	<u>83,356</u>

Accounting policy for Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Note 20. Leases

	Consolidated	
	2020	2019
	\$	\$
Current		
Leases	28,155	39,702
Non-Current		
Leases	82,764	108,437
Total Leases	110,919	148,139

Accounting policy for lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Note 20. Leases (continued)

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of motor vehicles, warehouse, and processing factory, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. No change or revise in lease terms during the financial year.

Note 21. Non-current liabilities - provisions

	Consolidated 2020 \$	Consolidated 2019 \$
Long-Term Provision		
Make good provision	<u>275,000</u>	<u>275,000</u>

Make good provision

The Company is required to restore the leased site of its Collagen Extraction Facility to their original condition at the end of the respective lease terms. A *make good provision* has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

The Directors valued the make good provision based upon a third-party estimate provided to the Company.

Accounting policy for provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Note 22. Equity - issued capital

	2020	Consolidated	2020	2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>275,349,087</u>	<u>234,039,087</u>	<u>21,707,478</u>	<u>14,548,515</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2019	<u>234,039,087</u>		<u>14,548,515</u>
Balance	31 December 2019	234,039,087		14,548,515
Collateral placement with Acuity Capital	13 January 2020	385,000	\$0.071	27,337
Collateral placement with Acuity Capital	11 February 2020	6,500,000	\$0.123	800,000
Collateral placement with Acuity Capital	11 February 2020	5,500,000	-	-
Collateral placement with Acuity Capital	19 February 2020	12,000,000	\$0.150	1,800,000
Collateral placement with Acuity Capital	4 March 2020	10,625,000	\$0.160	1,700,000
Exercise of performance rights	8 April 2020	6,300,000	\$0.105	661,500
Collateral placement with Acuity Capital	20 April 2020	-	-	2,200,000
Share issue transaction costs, net of tax		-	-	(29,874)
Balance	31 December 2020	<u>275,349,087</u>		<u>21,707,478</u>

Collateral Placement Agreement (CPA)

On the 7 February 2018, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. On 13 January 2020, Acuity Capital agreed to extend the expiry date of the CPA from 31 December 2019 to 31 January 2022. Furthermore, on 4 March 2020, the Company and Acuity Capital extended the CPA for an additional \$5,000,000, taking the maximum value under the facility to \$10,000,000.

In addition to the above, the Company issued 5,500,000 additional collateral shares to Acuity Capital on 11 February 2020.

On 20 April 2020, the Company announced that it has further utilised the CPA facility and raised a further \$2,200,000 without issuing any additional share capital. The Company has fully utilised the CPA facility and has terminated the CPA with Acuity Capital effective immediately.

	Consolidated	2019
	2020	\$
	\$	\$
Performance rights		
At beginning of the year	9,000,000	9,000,000
Exercised during the year	(6,700,000)	-
At reporting date	<u>2,300,000</u>	<u>9,000,000</u>

Note 22. Equity - issued capital (continued)

	Consolidated	
	2020	2019
	\$	\$
Options		
At beginning of the year	30,000,000	34,954,205
Issued options	18,000,000	-
Expired options	<u>(48,000,000)</u>	<u>(4,954,205)</u>
At reporting date	<u>-</u>	<u>30,000,000</u>

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

The working capital position of the Group was as follows:

	Consolidated	
	2020	2019
	\$	\$
Cash and cash equivalents (note 8)	2,725,237	101,400
Trade and other receivables (note 9)	1,558,007	3,218,105
Inventories (note 10)	1,108,346	675,782
Other current assets (note 11)	1,201,977	1,010,820
Trade and other payables (note 17)	(1,719,277)	(2,626,814)
Contract liabilities (note 18)	(458,729)	(515,719)
Current borrowings (note 19)	(401,173)	(337,341)
Leases (note 20)	(28,155)	(39,702)
Provisions	<u>(13,414)</u>	<u>(17,687)</u>
Total Working Capital	<u>3,972,819</u>	<u>1,468,844</u>

Accounting policy for issued capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

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Notes to the consolidated financial statements
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Note 23. Equity - reserves

	Consolidated	
	2020	2019
	\$	\$
Foreign currency reserve	(497,453)	(313,283)
Share-based payment reserve	360,109	2,642,722
	<u>(137,344)</u>	<u>2,329,439</u>

Foreign currency reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share-based payments reserve

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

Note 24. Equity - accumulated losses

	Consolidated	
	2020	2019
	\$	\$
Accumulated losses at the beginning of the financial year	(12,455,239)	(11,765,388)
Loss after income tax expense for the year	(5,483,167)	(689,851)
Transfer from options reserve	1,789,283	-
Accumulated losses at the end of the financial year	<u>(16,149,123)</u>	<u>(12,455,239)</u>

Note 25. Equity - non-controlling interest

	Consolidated	
	2020	2019
	\$	\$
Non-controlling interest	<u>(777,364)</u>	<u>(853,113)</u>

Note 26. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 27. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Note 27. Financial instruments (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

The Group has also 10% free carried interest in Global Biolife Inc. (formerly Sed BioMed Inc.), a company incorporated in the State of Delaware, USA in which Mr Chan is a significant shareholder.

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2020	2019	2020	2019
Australian dollars				
US dollars	0.6906	0.6952	0.7702	0.7006
MY Ringgit	2.8996	2.8791	3.0897	2.8672

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	\$	\$	\$	\$
Consolidated				
US dollars	819,015	1,157,761	(519,454)	(234,676)
MY Ringgit	4,376,435	5,660,244	(2,633,743)	(3,657,844)
	<u>5,195,450</u>	<u>6,818,005</u>	<u>(3,153,197)</u>	<u>(3,892,520)</u>

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Note 27. Financial instruments (continued)

Consolidated - 2020	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
US dollars	15%	-	(58,341)	(15%)	-	58,341
MY Ringgit	15%	-	(84,605)	(15%)	-	84,605
		-	(142,946)		-	142,946
Consolidated - 2019	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
US dollars	15%	-	(199,170)	(15%)	-	199,170
MY Ringgit	15%	-	(104,324)	(15%)	-	104,324
		-	(303,494)		-	303,494

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

Interest rate risk

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company and the Group's exposures to interest rate in financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group establishes an allowance for expected credit losses that represents its estimate of incurred losses in respect of trade and other receivables.

- Credit risk exposures

Note 27. Financial instruments (continued)

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

- Impairment losses

The ageing of the Group's trade and other receivables at reporting date is disclosed in note 9.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include trade and other payables, contract liabilities, borrowings and lease liabilities as disclosed in the statement of financial position.

All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

Remaining contractual maturities

The following are the contractual maturities of financial assets and financial liabilities of the Group:

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	(1,719,277)	-	-	-	(1,719,277)
Other loans	-	(13,535)	-	-	-	(13,535)
<i>Interest-bearing - variable</i>						
Borrowings	3.70%	(394,655)	(25,683)	(77,050)	(320,855)	(818,243)
Leases	5.89%	(29,048)	(15,830)	(37,027)	(64,714)	(146,619)
Total non-derivatives		(2,156,515)	(41,513)	(114,077)	(385,569)	(2,697,674)

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Note 27. Financial instruments (continued)

Consolidated - 2019	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	(2,626,814)	-	-	-	(2,626,814)
Other loans	-	(14,880)	-	-	-	(14,880)
<i>Interest-bearing - variable</i>						
Borrowings	5.33%	(356,242)	(82,570)	(202,852)	(248,654)	(890,318)
Leases	5.54%	(42,283)	(30,626)	(44,848)	(73,440)	(191,197)
Total non-derivatives		<u>(3,040,219)</u>	<u>(113,196)</u>	<u>(247,700)</u>	<u>(322,094)</u>	<u>(3,723,209)</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position where the consolidated entity currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount shows the impact on the consolidated entity's statement of financial position if all set off rights were exercised.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. Refer to note 1 for accounting policy on fair value measurement.

Note 28. Fair value measurement

Valuation techniques for fair value measurements categorised within level 2 and level 3

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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Note 29. Key management personnel disclosures

Directors

The following persons were directors and key management personnel of Holista Colltech Limited during the financial year:

Dr Rajen Manicka	Managing Director & Chief Executive Officer
Mr Daniel Joseph O'Connor	Non-Executive Chairman
Mr Chan Heng Fai	Non-Executive Director
Mr Blair Michelson	Non-Executive Director (appointed on 11 August 2020)
Mr Jonathan Pager	Non-Executive Director (appointed 2 July 2020 and resigned on 11 August 2020)
Mr Brett Fraser	Non-Executive Director (resigned 2 July 2020)

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits*	571,016	390,266
Post-employment benefits - Defined contribution superannuation funds	60,521	54,382
Share-based payments	15,050	-
	<u>646,587</u>	<u>444,648</u>

* Short-term employee benefits include other benefits of \$17,418 (2019: \$20,064) which represents D&O insurances as disclosed in remuneration report.

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Stantons International , the auditor of the company:

	Consolidated	
	2020	2019
	\$	\$
<i>Audit services - Audit or review of the financial statements</i>		
Stantons International	54,000	55,200
Russell Bedford LC & Company	32,333	32,640
Taxation and independent expert services provided by a related practice of the Auditor, Stantons International	5,870	11,518
	<u>92,203</u>	<u>99,358</u>

Note 31. Contingent liabilities

Gara Group

On September 27, 2019, iGalen (a related company and a customer of the Group), filed an action against Gara Group, Inc. and others alleging breach of contract. This complaint stems from the Gara Group's failure to provide services including product fulfillment, software development and maintenance of non-site platform which manages the Company's back office and managing the Company's social media sites. Gara Group filed a complaint against the Company for breach of contract. The exposure to the Company always exists, however, management maintains its claims and anticipates recovering from Gara Group. It is too early in the case to determine amounts of recovery or exposure.

Prolimmune Company LLC ("Pro immune")

The present lawsuit involves four claims brought by Proimmune against the Company for breach of four distinct contracts which seeks total damages of USD 2million. The Company has completed the discovery phase of the litigation where after attempting to seek dismissal of the claims brought against it, the Company has answered the complaint of Prolimmune Company LLC and asserted its own counterclaims against Prolimmune for breach of contract as well as one claim for breach of express warranty, both of which seeking monetary damages in excess of USD300,000 plus interest.

Upon completion of this discovery phase of the litigation, both sides will each file their own motions for summary judgment, which effectively seeks a judgment without trial on either sides' respective claims and/or defences.

The parties are obligated to engage in good faith settlement discussions at the close of discovery and a decision on the competing motions will likely take the balance of 2021 to be rendered.

At the date of this report, it is premature to estimate any material contingent liabilities for this case.

ASIC

The Australian Securities and Investments Commission (**ASIC**) has made determinations pursuant to sections 708A(2) and 713(6) of the *Corporations Act 2001* (Cth) restricting the Company from relying on the exceptions in sections 708A and 713 to issue a reduced-content prospectus, and to use exemptions for reduced disclosure in fundraising documents until 16 October 2021 (reduced disclosure).

ASIC has also stated that its investigation into the Company's conduct is ongoing. Holista is cooperating with the ASIC in its investigation.

At the date of this report, it is premature to estimate any material contingent liabilities for this case. In the circumstances where there are any prosecution commenced by ASIC in relation with Directors, Ex-Directors, and Ex-Company Secretaries could be cover by the insurer of Director and Officers insurance policy.

Note 32. Commitments

The Group has no capital commitments at 31 December 2020 (31 December 2019: \$nil).

Note 33. Related party transactions

Parent entity

Holista Colltech Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

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Note 33. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	\$	\$
Payment for other expenses:		
Professional fees paid to Sumita K & Associates for provision of legal advice. Mrs Sumita's husband is a director of the Holista Biotech Sdn Bhd	12,415	12,604
Director fee paid to Mrs Sumita	12,415	12,604
Consulting fees paid to Samabudi Consulting Sdn Bhd which certain directors of Holista Biotech Sdn Bhd have interest	57,938	58,272
Impairment (reversal) related to loans to Galen Biomedical Inc.	-	(511,744)
Amounts owed to a Director as disclosed in note 17	21,588	89,109
Loans to Galen Biomedical Inc., an entity 75% owned by Rajen Manicka	481,641	529,489
Sales to iGalen	329,634	498,677
Impairment expense related to trade receivables from iGalen	1,071,048	-
Impairment expense related to other receivables from iGalen (note 19)	180,623	-

Receivable from and payable to related parties

Included in trade receivables is an amount due to iGalen (companies in which director has interest) of \$1,071,048 (2019: \$1,413,601). During the year ended 31 December 2020, an allowance of \$1,071,048 has been made.

Included in other receivables is an amount due to iGalen (companies in which director has interest) of \$180,623 (2019: \$180,623). An allowance of \$180,623 has been made,

Loans to/from related parties

Included in trade and other payables is an amount due to Director of \$21,588 (2019: \$24,581) and in current borrowings loan from related party of \$13,535 (2019: \$14,880).

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	\$	\$
Loss after income tax	(4,864,845)	(806,407)
Total comprehensive income	(4,864,845)	(806,407)

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Note 34. Parent entity information (continued)

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	3,259,560	3,270,301
Total assets	5,734,695	5,896,442
Total current liabilities	129,926	2,088,406
Total liabilities	487,690	2,450,227
Equity		
Issued capital	20,216,403	13,057,442
Share-based payment reserve	360,112	2,642,722
Accumulated losses	(15,329,510)	(12,253,949)
Total equity	5,247,005	3,446,215

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no guarantees entered into by Holista CollTech Limited for the debts of its subsidiaries as at 31 December 2020 (2019: Nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2020 (2019: Nil)

Contractual commitments

The parent company has no capital commitments at 2020 (2019: \$nil). The parent company other commitments are disclosed in Note 34 Commitments.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Holista Biotech Sdn Bhd	Malaysia	100.00%	100.00%
Total Health Concept Sdn Bhd	Malaysia	100.00%	100.00%
Alterni (M) Sdn Bhd	Malaysia	100.00%	100.00%
Medi Botanics Sdn Bhd	Malaysia	100.00%	100.00%
Revonutrix Sdn Bhd	Malaysia	100.00%	100.00%
Holista Ingredients India Private Ltd *	India	51.00%	51.00%
Holista Infection Control Pte Ltd **	Singapore	100.00%	-
LiteFoods Inc **	USA	53.00%	53.00%
Holista Foods Inc. (74% owned by LiteFoods Inc.)	USA	39.20%	39.20%
HF Pre IPO Fund I LLC	USA	67.00%	67.00%
Ovicoll LLC ***	USA	100.00%	-
Holista Life LLC ***	USA	100.00%	-

* Incorporated in 2018. The company has been inactive since incorporation.

** Lite Foods Inc. is 53% owned by the Group with the remaining 47% being held by private shareholders including the company's director, Mr Chan Heng Fai.

*** Incorporated during the year. Inactive since incorporation.

Note 35. Interests in subsidiaries (continued)

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	LiteFoods Group(LiteFoods Inc. and Holista Foods Inc.)		HF Pre IPO Fund I LLC	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Summarised statement of financial position</i>				
Current assets	286,097	43,333	532,886	56,336
Non-current assets	40,221	528,603	-	397,811
Total assets	326,318	571,936	532,886	454,147
Current liabilities	3,159,534	2,852,757	22,360	24,581
Total liabilities	3,159,534	2,852,757	22,360	24,581
Net assets/(liabilities)	<u>(2,833,216)</u>	<u>(2,280,821)</u>	<u>510,526</u>	<u>429,566</u>
<i>Summarised statement of profit or loss and other comprehensive income</i>				
Revenue and other income	484,509	163,793	-	-
Expenses	(1,272,382)	(789,272)	-	-
Loss before income tax expense	(787,873)	(625,479)	-	-
Income tax expense	(2,493)	-	-	-
Loss after income tax expense	(790,366)	(625,479)	-	-
Other comprehensive income	140,286	(147,281)	-	(26,901)
Total comprehensive income	<u>(650,080)</u>	<u>(772,760)</u>	<u>-</u>	<u>(26,901)</u>
<i>Statement of cash flows</i>				
Net cash (used in) operating activities	(155,418)	(574,298)	-	-
Net cash from investing activities	13,993	54,229	-	-
Net cash from financing activities	173,193	507,711	-	-
Net increase/(decrease) in cash and cash equivalents	<u>31,768</u>	<u>(12,358)</u>	<u>-</u>	<u>-</u>

Note 36. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Note 37. Reconciliation of loss after income tax to net cash (used in) operating activities

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax expense for the year	(5,680,567)	(904,034)
Adjustments for:		
Depreciation and amortisation	220,869	305,355
Foreign exchange loss	376,631	38,790
Net share-based payments expensed	168,170	90,524
Impairment	3,310,442	(407,096)
Interest on lease liabilities	7,334	26,354
Write off intangible assets	45,044	-
Change in operating assets and liabilities:		
(Increase) in receivables	(407,456)	(153,334)
(Increase) in inventories	(481,738)	(224,809)
(Increase) in prepayments	(131,913)	(56,139)
Decrease/(increase) in trade and other payables	(1,308,262)	1,017,872
Decrease/(increase) in other provisions	(978)	7,978
Increase tax balances	14,814	97,564
Net cash (used in) operating activities	<u>(3,867,610)</u>	<u>(160,975)</u>

Note 38. Changes in liabilities arising from financing activities

	Short-term borrowings	Long-term borrowings	Leases	Asset finance	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2019	328,177	487,960	-	63,502	879,639
Cash flows	4,719	(88,559)	(33,168)	-	(117,008)
Exchange differences	6,184	9,207	-	1,198	16,589
Changes due to AASB 16	-	-	178,399	(64,700)	113,699
Other changes	(1,739)	27,628	2,908	-	28,797
Balance at 31 December 2019	337,341	436,236	148,139	-	921,716
Cash flows	92,291	29,378	(39,621)	-	82,048
Exchange differences	(28,459)	(35,009)	2,401	-	(61,067)
Balance at 31 December 2020	<u>401,173</u>	<u>430,605</u>	<u>110,919</u>	<u>-</u>	<u>942,697</u>

Note 39. Earnings per share

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax	(5,680,567)	(904,034)
Non-controlling interest	197,400	214,183
Loss after income tax attributable to the owners of Holista Colltech Limited	<u>(5,483,167)</u>	<u>(689,851)</u>

Note 39. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	268,852,114	234,039,087
Weighted average number of ordinary shares used in calculating diluted earnings per share	268,852,114	234,039,087
	Cents	Cents
Basic loss per share	(2.04)	(0.29)
Diluted loss per share	(2.04)	(0.29)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Holista Colltech Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

All potential fully paid ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

Note 40. Share-based payments

In August 2020, Holista issued 18,000,000 Unlisted Options to directors and suppliers. The Unlisted Options have expired and are escrowed during the year.

The Unlisted Options have been valued using the Black Scholes Model. The fair value of the unlisted options is \$0.043 and expense of \$77,400 has been recognised during the year ended 31 December 2020 as part of Share-based payments expense. Of the 18 million unlisted options granted during the year, 3.5 million was issued to Daniel O'Connor which has a fair value of \$15,050.

Set out below are summaries of options granted under the Company's share option plan:

2020							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/03/2017	23/03/2020	\$0.200	10,000,000	-	-	(10,000,000)	-
23/06/2017	23/06/2020	\$0.200	6,000,000	-	-	(6,000,000)	-
23/06/2017	23/06/2020	\$0.250	3,000,000	-	-	(3,000,000)	-
23/06/2017	23/06/2020	\$0.300	2,000,000	-	-	(2,000,000)	-
26/07/2017	01/08/2020	\$0.100	2,000,000	-	-	(2,000,000)	-
20/10/2017	20/10/2020	\$0.200	7,000,000	-	-	(7,000,000)	-
31/08/2020	31/12/2020	\$0.200	-	18,000,000	-	(18,000,000)	-
			30,000,000	18,000,000	-	(48,000,000)	-
Weighted average exercise price			\$0.205	\$0.200	\$0.000	\$0.203	\$0.000

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Note 40. Share-based payments (continued)

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/03/2017	23/03/2020	\$0.200	10,000,000	-	-	-	10,000,000
23/06/2017	23/06/2020	\$0.200	6,000,000	-	-	-	6,000,000
23/06/2017	23/06/2020	\$0.250	3,000,000	-	-	-	3,000,000
23/06/2017	23/06/2020	\$0.300	2,000,000	-	-	-	2,000,000
26/07/2017	01/08/2020	\$0.100	2,000,000	-	-	-	2,000,000
20/10/2017	20/10/2020	\$0.200	7,000,000	-	-	-	7,000,000
01/01/2015	08/03/2019	\$0.300	3,954,205	-	-	(3,954,205)	-
01/01/2015	31/12/2019	\$0.200	1,000,000	-	-	(1,000,000)	-
			<u>34,954,205</u>	<u>-</u>	<u>-</u>	<u>(4,954,205)</u>	<u>30,000,000</u>

Weighted average exercise price	\$0.216	\$0.000	\$0.000	\$0.000	\$0.205
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Consolidated	
2020	2019
\$	\$

Recognised as share-based payment expense

<u>168,170</u>	<u>90,524</u>
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Performance rights

As approved by shareholders 9 January 2017, the Company issued 9,000,000 performance rights to Dr Rajen Manicka in rewarding his performance, and to align their interests with those of Shareholders on the terms as detailed below and as detailed below:

2020		Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant Date	Expire date					
09/01/2017	09/01/2022	3,600,000	-	-	(3,600,000)	-
09/01/2017	09/01/2022	2,700,000	-	-	(2,700,000)	-
09/01/2017	09/01/2022	1,800,000	-	-	-	1,800,000
09/01/2017	09/01/2022	900,000	-	-	-	900,000

2019		Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date	Milestone date					
09/01/2017	09/01/2022	3,600,000	-	-	-	3,600,000
09/01/2017	09/01/2022	2,700,000	-	-	-	2,700,000
09/01/2017	09/01/2022	1,800,000	-	-	-	1,800,000
09/01/2017	09/01/2022	900,000	-	-	-	900,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 1 year (2019: 2 years)

Note 40. Share-based payments (continued)

The performance conditions linked to the performance rights are detailed below:

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date	Performance Condition Satisfied
Class A	Upon the Company signing a binding agreement for the sale, distribution, licensing and/or manufacturing of at least 3 low GI Products	3,600,000	On or before 30 June 2020	5 years from the date of issue	Yes
Class B	Upon the Company securing the patents associated with its Low GI Products.	2,700,000	On or before 30 June 2020	5 years from the date of issue	Yes
Class C	The Company achieving an EBIT of at least \$2.2m from the sale of Low GI Products	1,800,000	On or before 30 June 2021	5 years from the date of issue	No, probability employed in estimated 100%
Class D	The Company achieving an EBIT of at least \$4m from the sale of Low GI Products	900,000	On or before 30 June 2021	5 years from the date of issue	No, probability employed in estimated 100%

Accounting policy for Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to holders of equity-based instruments (including employees) are generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. In determining the fair value of share-based payments granted, a key estimate and judgement is the volatility input assumed within the pricing model.

The Company uses historical volatility of the Company to determine an appropriate level of volatility expected, commensurate with the expected instrument's life.

Holista Colltech Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Daniel Joseph O'Connor
Non-executive Chairman

31 March 2021

Independent auditor's report

Stantons International Audit and Consulting Pty Ltd
trading as

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Holista Colltech Limited (the "Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

As referred to Note 1 to the financial statements, the consolidated financial statements have been prepared on a going concern basis. The Group incurred a loss after tax of \$5,680,567 and net cash outflow from operating activities of \$3,867,610 for the financial year ended 31 December 2020, respectively. As at 31 December 2020, the Group had cash and cash equivalents totalling \$2,725,237 and working capital of \$3,972,819.

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

Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Revenue recognition For the financial year ended 31 December 2020, the Group's sales revenue amounted to \$7,106,635 (2019: 7,257,778). The Group earns revenue from different business streams, with each stream having differing revenue recognition points under the Group's revenue recognition policies (Note 4) and Australian Accounting Standards. On the basis of the significance of the amount to the consolidated financial statements and the processes used to determine the recognition point, we have considered revenue recognition as a key audit matter.	Inter alia, our audit procedures included the following: - Obtained a detailed understanding of each of the sources of revenue and the related systems processes for quantifying and recording revenue; - Reviewed the working papers of the component auditor with great care who audited 91% of the total revenue; - Evaluated a sample of contracts, identified performance obligations, and agreed revenue amounts to the records, including supporting billing system and bank records; - Performed cut-off procedures to ensure that the revenue is recognised in the correct period; - Assessed the consistency of the Group's accounting policies in respect of revenue recognition with the criteria prescribed by the applicable standard, AASB 15 <i>Revenue from contracts with customers</i>; and - Assessed the adequacy of the related disclosures within the consolidated financial statements.
Allowance for credit losses against trade and other receivables and loan to a related party As at 31 December 2020, the Group's trade and accounts receivable gross balance amounted to \$3,784,745 (2019: \$3,218,105) and loan to a related party amounted to \$481,641 (2019: \$529,489), respectively. Trade and other receivables and loan to a related party are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses (Notes 9, 11 and 16). The allowance for expected credit losses represents management's best estimate of the impairment losses incurred at the balance sheet date. The Group assessed impairment on a forward-looking basis and applied the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As at 31 December 2020, the Group recognised allowance for credit losses of	Inter alia, our audit procedures included the following: - Reviewed the methodology applied in the allowance for credit loss calculation by comparing it to the requirements of AASB 9 <i>Financial Instruments</i> and tested key underlying assumptions used by management to calculate the impairment provision; - Held discussions with management and challenged the judgments and estimates used to determine if provision is required with reference to supporting documentation and external evidence where applicable; - Reviewed the working papers of component auditor with great care; and - Assessed the adequacy of the related disclosures within the consolidated financial statements.

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\$2,226,738 (2019: Nil) for its trade and other receivables.

Calculation of allowance for credit losses is a complex area and requires management to make significant assumptions on the customer payment behaviour and other relevant risk characteristics such as historical information and estimating the level and timing of expected future cashflows. On this basis, we identified provisioning allowance for expected credit losses as a key audit matter.

Inventory valuation and existence

As at 31 December 2020, the Group's inventories (excluding stock-in-transit) amounted to \$982,003 (2019: \$675,782).

Inventories are carried at the lower of cost and net realisable value on a first-in, first-out basis for both raw materials and finished goods (Note 10).

Inventory valuation and existence was identified as a key audit matter because of the variety and volume of inventory items which are managed across 4 warehouses in Malaysia and 1 warehouse in USA and the judgment applied in the valuation of inventory.

Inter alia, our audit procedures included the following:

- Assessed the corresponding inventory observation instructions and participated in selected inventory counts on site in Malaysia through the component auditor and in USA via zoom.
- Reviewed the working papers of component auditor with great care;
- Performed test counts of selected items, agreed to the final inventory listing and obtained explanations for any variances noted;
- Reviewed the final stock listing for any slow-moving and obsolete stock;
- Recalculated inventory valuation allowance as appropriate; and
- Assessed the adequacy of the related disclosures within the consolidated financial statements.

Completeness of provisions

As disclosed in Note 31 to the consolidated financial statements, the Group has on-going litigations against certain third parties and is under regulatory review by ASIC.

A provision is made for claims for alleged negligence and regulatory matters when there is a present obligation, as a result of a past event that gives rise to a probable payment and when the probability of the payment can be reliably estimated. The provision is based on the estimated cost of defending and settling claims and regulatory matters.

Determining whether to provide, and if so, the amount to provide involves a high degree of judgment and estimation uncertainty. On this basis, we have considered completeness of provision to be a key audit matter.

Inter alia, our audit procedures included the following:

- Held discussions with management to determine the current status of the ongoing litigations and inspected internal and third party documentation such as correspondences with lawyers and relevant authorities where rulings have been issued to assess the appropriateness of expected cash outflows;
- Obtained direct confirmation from lawyers in respect to the current status of ongoing claims and actions against the Group to determine the completeness of management's assessment; and
- Challenged the judgments and estimates used to determine provisions with reference to supporting documentation and considered management's ability to exercise bias by challenging estimates against supporting external evidence where applicable.

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Key Audit Matters	How the matter was addressed in the audit
Issued capital As at 31 December 2020, the Group's issued capital amounted to \$21,707,478 (2019: \$14,548,515). During the year, the Company issued 41,310,000 ordinary shares in different tranches which resulted to increase in issued capital of \$7,158,963, net of share issue costs (Note 22). Issued capital is a key audit matter due to: - the quantum of share capital issued during the year; and - the varied nature of the movements during the year. Significant amount of audit effort was spent on ensuring that Issued Capital was accounted for correctly and disclosed appropriately in the financial report.	Inter alia, our audit procedures included the following: - Obtained an understanding of the underlying transactions; - Verified all issued capital movement to relevant ASX announcements; - Vouched proceeds from capital raisings to bank statements and other supporting documentation; - Verified underlying capital raising costs and ensured these costs were appropriately recorded; and - Assessed the adequacy of the related disclosures within the consolidated financial statements.
Other Information The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	
Responsibilities of the Directors for the Financial Report The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view under Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or has no realistic alternative but to do so.	
Auditor's Responsibilities for the Audit of the Financial Report Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted under the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on this financial report.	

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As part of an audit under Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 25 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Holista Colltech Limited for the year ended 31 December 2020 complies with section 300A of the Corporations Act 2001.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report under section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted under Australian Auditing Standards.

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

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director
West Perth, Western Australia
31 March 2021

Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's governance-related documents can be found on its website at www.holistaco.com.

PRINCIPLES RECOMMENDATIONS	AND COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.

Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
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PRINCIPLES RECOMMENDATIONS	AND COMPLY (YES/NO)	EXPLANATION
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	NO (not followed in full)	(a) The Company has adopted a Diversity Policy. (i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website. (c) (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition, the Board will review progress against the objectives in its annual performance assessment. (ii) The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level.

Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. (b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. (b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	NO	(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at each board meeting to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.

Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	Board Skills Matrix	Number of Directors that Meet the Skill
		Executive & Non- Executive experience	4
		Industry experience & knowledge	4
		Leadership	4
		Corporate governance & risk management	4
		Strategic thinking	4
		Desired behavioural competencies	4
		Geographic experience	4
		Capital Markets experience	4
		<i>Subject matter expertise:</i>	
		- accounting	4
		- capital management	4
		- corporate financing	4
		- industry taxation ¹	0
		- risk management	4
		- legal	4
		- IT expertise ²	0
		(1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements.	
		(2) Skill gap noticed however an external IT firm is employed on an ad hoc basis to maintain IT requirements.	
Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	YES	(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company website. (c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.	

Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	YES	The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Reports and Company website.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should articulate and disclose its values.		
Recommendation 3.2 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.
Recommendation 3.3 A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.		
Recommendation 3.4: A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.		
Principle 4: Safeguard integrity in financial reporting		

Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
- (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, who is not the chair of the board,
- and disclose:
- (iii) the charter of the committee;
 - (iv) the relevant qualifications and experience of the members of the committee; and
 - (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

NO

- (a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.
- The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.
- The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

YES

The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

YES

- (a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.
- (b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

YES

All directors are provided a copy of all material announcements by the Company Secretary promptly after they have been released to the market

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Pursuant to the Company's Continuous Disclosure Policy and the ASX Listing Rules, any materials distributed at analyst and media briefings are lodged first with ASX. The Company will not disclose any information that a reasonable person might regard as being price sensitive unless such information has previously been released to the market through the ASX or is otherwise already in the public domain.

Principle 6: Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

YES

Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

YES

The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

YES

The Shareholder Communication Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

Shareholders are encouraged to participate at all

		EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	YES	At the 2020 AGM of the Company, all resolutions were decided by way of a poll. The Company anticipates that all resolutions shareholder meetings in the future will also be decided by way of a poll.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholder queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

Recommendation 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and
- (b) disclose in relation to each reporting period, whether such a review has taken place.

YES

- (a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.
- (b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.

Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

YES

Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.

Recommendation 7.4

A listed entity should disclose whether, and if so how, it has any material exposure to environmental and social risks and, if it does, how it manages or intends to manage those risks.

YES

Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually, and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	NO	Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity-based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

Recommendation 9.1 A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it had in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Not applicable
Recommendation 9.2 A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	Not applicable
Recommendation 9.3 A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Not applicable

Holista Colltech Limited
Shareholder information
31 December 2020

The shareholder information set out below was applicable as at 29 March 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	257	0.03
1,001 to 5,000	538	0.65
5,001 to 10,000	438	1.24
10,001 to 100,000	967	12.64
100,001 and over	259	85.44
	2,459	100.00
Holding less than a marketable parcel	1,018	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
GALEN BIOMEDICAL INC	58,514,245	21.25
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	46,430,201	16.86
MS SARINDERJIT KAUR	9,675,785	3.51
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,683,535	2.79
CITICORP NOMINEES PTY LIMITED	6,721,299	2.44
FAIRVIEW HOLDINGS PTY LTD (THE MANJULE SUPER A/C)	6,014,285	2.18
BNP PARIBAS NOMS PTY LTD (DRP)	4,823,551	1.75
123 HOME LOANS PTY LTD	4,000,000	1.45
MR HIMMAT SINGH	3,500,000	1.27
CHANDRA SEKARAN P PERUMAL	3,333,333	1.21
818 CORPORATE PTY LTD (818 A/C)	3,043,192	1.11
DR FATHIL MOHAMED	2,451,408	0.89
MR ROBERT GEMELLI	2,063,695	0.75
MR PETER KLIMIS	1,696,894	0.62
MR KOK WAH ONG	1,696,220	0.62
NEWECOMY COM AU NOMINEES PTY LIMITED (900 ACCOUNT)	1,568,230	0.57
MR KOK SENG CHEN	1,482,459	0.54
MR RAVINDRAN GOVINDAN	1,111,119	0.40
STARLAND NOMINEES PTY LTD (THE STARLAND A/C)	1,099,459	0.40
MR JASON ACHESON MORRIS	1,072,000	0.39
	167,980,910	61.00

Unquoted equity securities

There are no unquoted equity securities.

Holista Colltech Limited
Shareholder information
31 December 2020

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
DR.RAJEN MANICKA	85,735,272	31.14
GLOBAL EHEALTH LIMITED	46,226,673	16.79

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.