

HOLISTA COLLTECH

ABN 24 094 515 992

APPENDIX 4E

Preliminary Final Report

31 December 2019

About Us

"We all strive to be healthy. Yet sometimes, making the right choice is beyond our control. Holista CollTech carries out research to find natural solutions so people can enjoy healthy and organic alternatives to tasty but unhealthy processed and baked foods. No compromise on taste, odour and mouth feel. Everyone can enjoy their favourite foods and still be healthy."

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 Perth and has extensive operations in Malaysia and North America

Dedicated to deliver organic ingredients and wellness products, Holista specialises in herbs and food ingredients. It researches, develops, manufactures and markets "health-style" products to address the growing needs of natural medicine.

Mindful that 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. These healthy and organic ingredients include the low-Glycaemic Index (**GI**) flour mix for noodles, pasta and flatbreads and baked products, low-sodium salt, low-fat fried foods and low-calorie sugar and 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 aims to build a world-class company focused on providing consumers with scientifically enhanced, engineered and tested natural health supplements and consumer products.

Corporate directory**Current Directors**

Mr Brett Fraser	<i>Non-executive Chairman</i>
Dr Rajen Manicka	<i>Managing Director and Chief Executive Officer</i>
Mr Daniel Joseph O'Connor	<i>Non-executive Director</i>
Mr Chan Heng Fai	<i>Non-executive Director</i>

Company Secretary

Mr Stuart Usher

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Auditors

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Securities Exchange

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ASX Code [HCT](#)

APPENDIX 4E

Preliminary final report
31 December 2019

HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 24 094 515 992

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Company Update

1.1. Operations Review

During the financial period ending 31 December 2019 (**FY2019**), the Group, consisting of Holista Colltech Limited (Holista) and its controlled entities, remained focused on three core areas:

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

Healthy Food Ingredients

During the financial year under review, the Group's North America based subsidiary, Holista Foods Inc. (**Holista Foods**), mainly focused on the healthy food ingredients segment. Reflecting this, the revenue for this segment increased significantly by 530% to \$163,793 in **FY2019** as compared to \$25,998 for the year ended 31 December 2018 (**FY2018**). This was mainly due to orders from new customers in China and South Korea.

During the financial period, Holista Foods focused on:

- GI Lite™
- Low-GI and low-calorie sugar – *80Less™*
- Low-GI sugar caramel (brown sugar)
- Clean-label, gluten-free formulation

Within the segment, the main ingredient that generated the most customer traction thus far is GI Lite™ - an all-natural mix of ingredients that can lower the Glycaemic Index (**GI**) of flour-based products.

On 16 January 2019, the Group's Malaysia based subsidiary Holista Biotech Sdn Bhd (**Holista Biotech**) entered into a strategic partnership with Bursa Malaysia-listed Kawan Food Berhad (**Kawan Food**) to produce low-GI Asian flatbreads using GI Lite™. The flatbreads, namely paratha (roti-canai) and chapatti have been successfully tested as low-GI at the Sydney University Glycaemic Index Research Service (**SUGiRS**) with GI readings of 53 and 50, respectively. Holista Biotech commenced with its maiden order shipment of GI Lite™ to Kawan Food worth \$74,000 in September 2019 as a part of the one-year sales contract of \$1 million. Holista Biotech also received an additional order request by Kawan Food for GI Lite™ worth \$308,318, which it expects to deliver by Quarter 2 FY2020. Kawan Food is expected to launch this product by early Quarter 2 FY2020. It is expected to hit the U.S. markets in April 2020 followed by the Malaysian markets.

On 14 February 2019, Holista introduced its proprietary low-calorie and low-GI sugar formulation, *80Less™*, a blend of two internationally approved substances, namely, *Sucrose* (table sugar) and *Sucralose* (an intense sweetener derived from Sugarcane) that has 80% fewer calories. One gram of *80Less™* can replace 5 grams of sugar and can be used to replace sugar in every application in solid or liquid form without the loss of sugar's sensory effects. Holista has received regulatory clearance for the sale of this proprietary low-calorie and low-GI sugar in the United States and Canada.

Holista has appointed All Gold Imports (**All Gold**) and Mid-America Marketing (**MAM**) as its exclusive distributors for *80Less™* in Canada and the United States, respectively. All Gold is one of Canada's premier importers of commodities of industrial food manufacturers, sourcing over 100 products from 32 countries. MAM specialises in representing private labels and partners with different types of food and general merchandise. It has strong industry ties and has an excellent track record in sales growth. With the appointment of these distributors, the Group will accelerate its market reach in North America for *80Less™*.

Holista Biotech has shipped \$258,000 worth of *80Less™* to a Malaysian Food & Beverage company to produce a lower-sugar version of its drinks.

On 31 July 2019, Holista Foods commenced its first shipment of a 20-foot container of its low-GI noodles to Express Trading Canada to be exported to China. The contract between Holista Foods and Express Trading Canada is worth \$2.1 million.

Company Update

Less than a month later, Holista Foods won regulatory approval for its low-GI noodles in South Korea, which was followed by a purchase order of one 20-foot container worth \$25,000 to a Korean company, HWH Global, which also worked with Holista Food to obtain the approval. The Korea-based company plans to take the noodles to multi-level market space and hence Holista Foods has received further order requests from them. Both, Holista Foods and HWH Global are currently working out a business plan to take it forward.

These orders in North Asia are the main factors contributing to the increase in revenue for the Healthy Food Ingredients segment during the year in review. The Group expects active contributions from low-GI noodles for FY2020 and beyond.

On 16 October 2019, Holista announced a collaboration with another Malaysian-based company, SunFresh Fruit Hub Sdn. Bhd. (**Fruit Hub**) to produce low-GI versions of bubble tea ingredients – tapioca starch pearls, sugar syrup and sugar caramel (brown sugar) for the rapidly growing multi-billion dollar Bubble Tea industry amidst rising concerns of diabetes and obesity. This collaboration can have positive outcomes for sales of both GI Lite™ and 80Less™.

A typical 500 ml Bubble Tea drink contains at least 8.5 teaspoons of sugar and between 281 to 640 calories. Holista and Fruit Hub will significantly reduce the sugar and calorie content of the bubble tea ingredients without changing their taste and mouthfeel. Fruit Hub is a post-harvest collection, processing and packaging centre for fruit juices and beverage ingredients. It has a processing facility in Lachang in Pahang state, Malaysia.

The low-GI tapioca pearls will be made by adding Holista's GI Lite™. This will significantly reduce the calorie content as the pearls usually account for up to a third of the drink's total calorie count. Fruit Hub is processing the bubble pearls at its Lachang facility using a formula from its Taiwanese partner, YongDa Food Technology Co. Ltd.

The low-GI sugar syrup will be prepared using 80Less™. Apart from sugar and GI reduction, the benefits to manufacturers and vendors are cost saving in raw materials and logistics. Separately, Holista has developed low-GI sugar caramel (brown sugar). Derived from molasses, the latter retains the same sweetness with lower calories. It is used as a pre-pour to sweeten the pearls or as a medium to cook them.

All three bubble tea ingredients developed by Holista have been sent for testing by SUGiRS in Sydney. Holista expects to receive the certifications by the end of March 2020 and will commence marketing immediately thereafter to local and international markets.

Holista is encouraged by the response to and the order requests received for 80Less™ in Malaysia and other international markets. The bubble tea collaboration along with Canadian and American distributorships are expected to contribute to the Group's top-line in FY2020.

On 5 November 2019, Holista Foods received the Award of Excellence for two kinds of pastas – spaghetti and linguine under the "Low Glycaemic Pasta" category in the 2019 U.S.A Taste Championships. The panellists judged the championship via the "triple-blind" protocol in which evaluators were not aware of the manufacturer, the product variety or appellation and the other evaluators' scores and comments during evaluation. Validated by the Glycaemic Index Foundation, the awards underscore the quality of Holista's products, which are not only healthy but also meet the most rigorous taste requirements.

The low-GI noodles are already sold on Amazon. Holista Foods has also appointed Canada-based distributor to increase market presence in North American retail stores.

Holista also plans to introduce low-GI versions of bread, tortillas and biscuits. The Group has been in discussions with various companies for similar products in Southeast Asia and India.

During the year, Holista Foods also secured North American distribution rights for the breakthrough clean-label gluten-free formula developed by the Holista's strategic partner, Veripan of Switzerland. This gluten-free formula is available in the form of an all-purpose blend to North American bakeries.

Dietary Supplements

The Dietary Supplement segment had been the Group's main revenue contributor since FY2014. However, during the year under review, revenue for this segment decreased by 14% to \$6,633,235 from \$7,699,489 in FY2018. This was mainly due to a decrease in sales from the multi-level marketing segment after a major customer underwent business restructuring and consolidation. This decrease was offset by a significant increase in revenue generated by Healthy Food Ingredients and Sheep Collagen business segments.

Company Update

Developments Related to Path-Away®

Subsequent to the end of FY2019, NatShield™ an all-natural hand-held sanitiser that Holista distributes under its personal care space, experienced a spike in demand following the outbreak of the Covid-19 virus that originated in Wuhan, China. NatShield™ contains Path-Away®, a plant-based active ingredient that is all-natural and free of alcohol. Path-Away® has been developed by Global Infections Control Consultants LLC (**GICC LLC**) of South Carolina, United States. Under the leadership of Dr Arthur Martin, GICC LLC has emerged as a premier company specialising in pathogenic contamination control.

Holista markets and distributes NatShield™ as part of its exclusive distributorship of Path-Away® in the ASEAN region. Holista has been shipping in the active ingredient in drums before it is combined with purified water under strict supervision and bottled in Malaysia. In view of the significant increase in demand triggered by the Covid-19 outbreak, Holista announced on 20 February 2020 that GICC LLC extended these distribution rights to include the U.K. and Europe, and agreed to collaborate with Holista for the U.S. market. Holista and GICC LLC will also co-develop a nasal balm sanitiser using the Path-Away® active ingredient. They will also jointly file a global patent by the end of Q1 FY2020 and the nasal balm is expected to be ready for international markets by 3Q 2020, ahead of the onset of the European winter season when cases of influenza are common.

Sheep Collagen

After the renovation in FY2018, the operating capacity of the Group's collagen plant in Collie, Perth has increased. This contributed to a 114% increase in revenue for this segment to \$460,750 in FY2019 from \$215,068 in FY2018.

Holista's cosmetic-grade collagen is getting strong traction, and by increasing the specifications, it is expected to deliver higher value-added products. While Holista had focused on food and cosmetic grade collagen, there is still an untapped opportunity in medical-grade collagen. The latter will require additional capital expenditure. Hence, the Board is reviewing a strategic fit for the collagen business and how best to unlock the value for this asset.

Other Intellectual Property Developments

On 12 December 2019, Holista filed a global patent for a platform technology for a water-soluble delivery system. This patented process can be applied to a whole range of molecules including the Cannabidiol (**CBD**) oil industry.

The commercial benefits for CBD producers include increasing the potency of CBD formulation (allowing users to reduce dosages significantly) as well as making their products palatable for the young and the elderly.

Fat-soluble molecules have poor bio-availability as they do not dissolve well to reach the bloodstream; as a result, a higher dosage needs to be ingested. Holista believes its water-soluble technology will benefit the CBD oil industry in particular, where the active material is scarce, costly and currently has low bio-availability.

Results for announcement to the Market

for the year ended 31 December 2019

1 REPORTING PERIOD (item 1)			
■ Report for the financial year ended:	31 December 2019		
■ Previous corresponding period is the year months ended:	31 December 2018		
2 RESULTS FOR ANNOUNCEMENT TO THE MARKET			
	Movement	Percentage %	Amount \$
■ Decrease in revenues from ordinary activities (item 2.1)	↓	(8.60) to	7,257,778
■ Decrease in loss from ordinary activities after tax attributable to members (item 2.2)	↓	(64.54) to	(571,725)
■ Decrease in loss from after tax attributable to members (item 2.3)	↓	(64.54) to	(571,725)
a. Dividends (item 2.4)		Amount per Security ¢	Franked amount per security %
■ Interim dividend		nil	n/a
■ Final dividend		nil	n/a
■ Record date for determining entitlements to the dividend (item 2.5)	n/a		
b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):	Included in the loss for the period are share-based payments and share-based consulting fees amounting to \$90,524. These are non-cash transactions and are not part of the operating activities of the Group.		
3 PRELIMINARY FINAL REPORT			
a. Statement of comprehensive income (item 3):	Refer to Consolidated statement of profit or loss and other comprehensive income on page 7		
b. Statement of financial position (item 4):	Refer to Consolidated statement of financial position on page 8		
c. Statement of cash flows (item 5):	Refer to Consolidated statement of cash flows on page 10		
d. Statement of changes in equity (item 6):	Refer to Consolidated statement of changes in equity on page 9		
4 DIVIDENDS (item 7) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS (item 14.2)			
Nil.			
a. Details of dividend or distribution reinvestment plans in operation are described below (item 8):	Not applicable		

Results for announcement to the Market

for the year ended 31 December 2019

5 RATIOS	Current period	Previous corresponding period
a. Financial Information relating to 5b and 5c:	\$	\$
Earnings for the period attributable to Owners of the parent	(571,725)	(1,612,147)
Net assets	3,887,590	4,563,672
Less: Intangible assets (including net deferred tax balances)	(1,018,392)	(1,186,363)
Net tangible assets	2,869,198	3,377,309
	No.	No.
Fully paid ordinary shares	234,039,087	234,039,087
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	206,708,949	206,708,949
	¢	¢
b. Net tangible assets backing per share (cents) (item 9):	1.226	1.443
c. Earnings per share attributable to owners of the parent (cents) (item 14.1):	(0.277)	(0.780)
The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group. During the 2019 financial year the Group had 30,000,000 unissued shares under option and 9,000,000 which are anti-dilutive.		

6 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 10)		
a. Control gained over entities		
■ Name of entities (item 10.1)		Nil
■ Date(s) of gain of control (item 10.2)		
b. Loss of control of entities		
■ Name of entities (item 10.1)		Nil
■ Date(s) of loss of control (item 10.2)		N/A
c. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 10.3).		Nil
d. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)		Nil

7 DETAILS OF ASSOCIATES AND JOINT VENTURE: (item 11)			Current period	Previous corresponding period
			\$	\$
■ Name of entities (item 11.1)		Nil		
■ Percentage holding in each of these entities (item 11.2)		n/a		
■ Aggregate share of profits (losses) of these entities (item 11.3)			N/A	N/A

Results for announcement to the Market

for the year ended 31 December 2019

8	Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position. (item 12): Refer to commentary update accompanying this 4E
9	The financial information provided in the Appendix 4E is based on the preliminary final report (attached), which has been prepared in accordance with Australian Accounting Standards (item 13)
10	A COMMENTARY ON THE RESULTS FOR THE PERIOD (item 14) Refer to commentary update covering this 4E. The Group had revenue of \$7,257,778 (2018: \$7,940,555) for the period.
11	The report is based on accounts which are in the process of being audited (item 15)

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

	Note	2019 \$	2018 \$
<i>Continuing operations</i>			
Revenue	1.1	7,257,778	7,940,555
Other income	1.2	147,131	136,387
		7,404,909	8,076,942
Change in inventories of finished goods and work in progress		197,844	(581,132)
Raw materials and consumables used		(3,277,420)	(3,546,608)
Distribution costs and other costs of sales		(467,599)	(483,955)
Advertising and promotion		(431,186)	(313,187)
Consultancy and professional fees		(502,222)	(552,998)
Depreciation and amortisation		(291,591)	(257,378)
Employment costs	2.3	(2,824,511)	(3,015,353)
Finance costs		(88,820)	(83,486)
Foreign exchange (loss) / gain		(38,790)	57,974
Share-based payments expense		(90,524)	(90,523)
Research and development		(132,275)	(157,657)
Impairment recovered/ (expense)	2.2	511,446	(370,771)
Other expenses	2.1	(628,834)	(760,146)
Loss before tax		(659,573)	(2,078,278)
Income tax (expense) / benefit	3.1	(126,335)	(125,082)
Net loss for the year		(785,908)	(2,203,360)
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss:			
□ Foreign currency movement		44,057	182,997
Other comprehensive income for the period, net of tax		44,057	182,997
Total comprehensive income attributable to members of the parent entity		(741,851)	(2,020,363)
<i>(Loss) / profit for the period attributable to:</i>			
■ Non-controlling interest		(214,183)	(591,213)
■ Owners of the parent		(571,725)	(1,612,147)
<i>Total comprehensive income attributable to:</i>			
■ Non-controlling interest		(214,183)	(593,223)
■ Owners of the parent		(527,668)	(1,427,140)

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

APPENDIX 4E

Preliminary final report
31 December 2019

HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 24 094 515 992

Consolidated statement of financial position

as at 31 December 2019

	Note	2019 \$	2018 \$
<i>Current assets</i>			
Cash and cash equivalents	4.1	101,400	357,705
Trade and other receivables	4.2	3,218,105	3,019,017
Inventories	5.1	675,782	442,621
Other current assets	4.3.1	1,010,820	978,795
Total current assets		5,006,107	4,798,138
<i>Non-current assets</i>			
Property, plant, and equipment	5.2	1,317,918	1,429,087
Right of use asset	5.3.1	97,620	-
Intangible assets	5.4	880,471	954,717
Deferred tax asset	3.3	137,921	231,646
Other non-current assets	4.3.2	529,489	13,844
Total non-current assets		2,963,419	2,629,294
Total assets		7,969,526	7,427,432
<i>Current liabilities</i>			
Trade and other payables	4.4	3,142,533	1,973,888
Borrowings	4.5.1	337,341	349,232
Current tax liabilities	3.2	-	523
Leases	5.3.2	39,702	-
Short-term provisions	5.5	17,687	9,710
Total current liabilities		3,537,263	2,333,353
<i>Non-current liabilities</i>			
Borrowings	4.5.2	436,236	530,407
Leases	5.3.2	108,437	-
Total non-current liabilities		544,673	530,407
Total liabilities		4,081,936	2,863,760
Net assets		3,887,590	4,563,672
<i>Equity</i>			
Issued capital	6.1.1	14,548,515	14,548,515
Reserves	6.4	2,522,901	4,671,363
Accumulated losses		(12,182,849)	(13,869,412)
Non-controlling interest		(1,000,977)	(786,794)
Total equity		3,887,590	4,563,672

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

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Note	Issued Capital \$	Share-based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non- controlling Interest (NCI) \$	Total \$
<i>Balance at 1 January 2018</i>		11,538,515	4,809,268	(413,435)	(12,257,265)	(193,571)	3,483,512
Loss for the year attributable owners of the parent		-	-	-	(1,612,147)	(591,213)	(2,203,360)
Other comprehensive income for the year attributable owners of the parent		-	-	185,007	-	(2,010)	182,997
Total comprehensive income for the year attributable owners of the parent		-	-	185,007	(1,612,147)	(593,223)	(2,020,363)
<i>Transaction with owners, directly in equity</i>							
Shares issued during the year	6.1.1	3,010,000	-	-	-	-	3,010,000
Recognition of performance rights	6.3	-	90,523	-	-	-	90,523
Balance at 31 December 2018		14,548,515	4,899,791	(228,428)	(13,869,412)	(786,794)	4,563,672
<i>Balance at 1 January 2019</i>							
		14,548,515	4,899,791	(228,428)	(13,869,412)	(786,794)	4,563,672
Change in accounting policy		-	-	-	(24,755)	-	(24,755)
Restated total equity at the beginning of the financial year		14,548,515	4,899,791	(228,428)	(13,894,167)	(786,794)	4,538,917
Loss for the half-year attributable owners of the parent		-	-	-	(571,725)	(214,183)	(785,908)
Other comprehensive income for the half-year attributable owners of the parent		-	-	44,057	-	-	44,057
Total comprehensive income for the half-year attributable owners of the parent		-	-	44,057	(571,725)	(214,183)	(741,851)
<i>Transaction with owners, directly in equity</i>							
Recognition of performance rights	6.3	-	90,524	-	-	-	90,524
Transfer of expired option balance		-	(2,301,960)	-	2,301,960	-	-
Transfer to and from reserves		-	-	18,917	(18,917)	-	-
Balance at 31 December 2019		14,548,515	2,688,355	(165,454)	(12,182,849)	(1,000,977)	3,887,590

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

APPENDIX 4E

Preliminary final report

31 December 2019

HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 24 094 515 992

Consolidated statement of cash flows

for the year ended 31 December 2019

Note	2019 \$	2018 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	7,231,436	7,277,030
Payments to suppliers and employees	(7,461,238)	(9,362,904)
Interest received	9,221	16,494
Finance costs	(83,839)	(83,486)
Other revenue	133,678	-
Income tax paid	(28,770)	(47,400)
Net cash (used in) / generated from operating activities	4.1.1a (199,512)	(2,200,266)
<i>Cash flows from investing activities</i>		
Purchase of intellectual property	(80,540)	(88,668)
Purchase of property, plant, and equipment	(30,190)	(46,272)
Loans repaid / (provided), net	73,226	(287,677)
Refund of / (Increase in) deposits / investments	52,516	218,483
Net cash used in investing activities	15,012	(204,134)
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	-	2,361,631
Proceeds from exercise of options	-	210,000
Proceeds from / (Repayment of) borrowings, net	(78,274)	59,320
Net cash provided by financing activities	(78,274)	2,630,951
Net increase in cash and cash equivalents held	(262,774)	226,551
Cash and cash equivalents at the beginning of the year	357,705	120,982
Change in foreign currency held	6,469	10,172
Cash and cash equivalents at the end of the year	4.1 101,400	357,705

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

Notes to the Appendix 4E preliminary final report

for the year ended 31 December 2019

Note	1	Revenue and other income	2019	2018
			\$	\$
1.1		Revenue		
		Sale of goods	7,257,778	7,940,555
			7,257,778	7,940,555
1.2		Other Income		
		Gain / (loss) on disposal of property, plant and equipment	-	17,651
		Interest income	9,221	16,494
		Rental income	-	-
		Research and development grant income	133,678	94,082
		Other income	4,232	8,160
			147,131	136,387

Note	2	Loss before income tax	2019	2018
			\$	\$

The following significant revenue and expense items are relevant in explaining the financial performance:

2.1		Other Expenses:		
		■ Compliance and regulatory costs	117,648	141,440
		■ Insurance	64,700	57,278
		■ Other expenses	33,051	118,677
		■ Collie factory maintenance costs	117,922	106,089
		■ Audit fees	89,486	101,420
		■ Office rental expense and occupancy costs	206,027	235,242
			628,834	760,146
2.2		Impairment:		
		■ Doubtful debts expensed / (recovered)	298	(9,295)
		■ Impairment of intangibles	-	-
		■ Impairment of funds loaned (recovered) / expensed	(511,744)	380,066
			(511,446)	370,771
2.3		Employment costs	2019	2018
			\$	\$
		■ Salary and wages	1,831,255	1,854,581
		■ Director Fees	108,844	153,717
		■ Superannuation	250,409	254,677
		■ Medical and Insurance	68,643	71,717
		■ Bonus and Incentive	280,643	368,468
		■ Travel	211,483	238,104
		■ Others	73,234	74,089
			2,824,511	3,015,353

APPENDIX 4E

Preliminary final report
31 December 2019

HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 24 094 515 992

Notes to the Appendix 4E preliminary final report
for the year ended 31 December 2019

Note 3	Income tax	2019	2018
		\$	\$
3.1	Income tax (benefit) / expense		
	Current tax	126,335	125,082
	Deferred tax	-	-
		126,335	125,082
3.2	Current tax liabilities		
	Foreign Income tax payable	-	523
3.3	Deferred tax assets		
	Tax losses	137,921	231,646

Note 4	Financial assets and financial liabilities
--------	--

4.1	Cash and cash equivalents	2019	2018
		\$	\$
	Cash at bank	101,400	357,705
		101,400	357,705
4.1.1	Cash Flow Information		
a.	Reconciliation of cash flow from operations to loss after income tax		
	Loss after income tax	(785,908)	(2,203,360)
	Cash flows excluded from loss attributable to operating activities	-	-
	<i>Non-cash flows in (loss)/profit from ordinary activities:</i>		
	■ Depreciation and amortisation	291,591	257,378
	■ Foreign exchange (gain) / loss	38,789	(57,974)
	■ Net share-based payments expensed	90,524	90,523
	■ Impairment	(511,446)	370,771
	■ AASB 16 Interest and lease repayments	(12,184)	-
	■ Loss on disposal of property, plants, and equipment	-	(17,651)
	<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
	■ (Increase)/decrease in receivables	(153,334)	(857,255)
	■ (Increase)/decrease in inventories	(224,809)	593,713
	■ Increase in prepayments	(56,139)	(198,539)
	■ Increase/(decrease) in trade and other payables	1,017,862	(257,183)
	■ Increase in provisions	7,978	1,629
	■ Increase tax balances	97,564	77,682
	Cash flow (used in)/generated from operations	(199,512)	(2,200,266)

Notes to the Appendix 4E preliminary final report

for the year ended 31 December 2019

Note 4 Financial assets and financial liabilities (cont.)

4.2 Trade and other receivables	2019	2018
	\$	\$
4.2.1 Current		
Trade receivable	2,624,250	2,379,411
Amounts advanced to a related party	180,623	258,082
Amounts advanced to a third party	294,534	290,301
Interest receivable	56,203	-
Other receivables	62,495	91,223
	3,218,105	3,019,017
4.3 Other assets	2019	2018
	\$	\$
4.3.1 Current		
Security deposits	303,921	289,283
Other deposits	14,645	80,165
Prepayments	614,602	548,453
Right of return assets	77,652	60,894
	1,010,820	978,795
4.3.2 Non-current		
Loans to related parties	529,489	525,588
Less: Impairment	-	(511,744)
	529,489	13,844
4.4 Trade and other payables	2019	2018
	\$	\$
4.4.1 Current		
<i>Unsecured</i>		
Trade payables	1,581,813	715,796
Accruals	381,740	499,778
Advance deposits and deferred revenue	515,719	386,017
Amounts due to Directors	89,109	21,000
Dividends payable	24,581	24,400
Refund liability	391,813	312,407
Other payables	157,758	14,490
	3,142,533	1,973,888

APPENDIX 4E

Preliminary final report
31 December 2019

HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 24 094 515 992

Notes to the Appendix 4E preliminary final report

for the year ended 31 December 2019

Note 4 Financial assets and financial liabilities (cont.)

4.5 Interest-bearing loans and borrowings		2019	2018
		\$	\$
4.5.1 <i>Current</i>			
Banker's acceptance		265,416	269,743
Leases	5.3.2	-	21,055
Term loan		57,045	58,434
Loan from related parties		14,880	-
		337,341	349,232
4.5.2 <i>Non-current</i>			
Term loan		436,236	487,960
Leases	5.3.2	-	42,447
		436,236	530,407

Note 5 Non-financial assets and financial liabilities

5.1 Inventories		2019	2018
		\$	\$
Raw materials - at cost		302,726	141,996
Finished goods - at cost		373,056	300,625
		675,782	442,621
5.2 Property, plant, and equipment		2019	2018
		\$	\$
Freehold land and buildings		2,577,466	2,557,156
Accumulated depreciation and impairment		(1,799,081)	(1,765,969)
		778,385	791,187
Plant and equipment		2,025,588	1,952,920
Accumulated depreciation		(1,486,055)	(1,339,206)
		539,533	613,714
Motor vehicles	5.3.1	-	156,642
Accumulated depreciation	5.3.1	-	(132,456)
		-	24,186
Total plant and equipment		1,317,918	1,429,087

Notes to the Appendix 4E preliminary final report

for the year ended 31 December 2019

Note 5 Non-financial assets and financial liabilities (cont.)

5.3 Leases	2019	2018 [#]
	\$	\$
5.3.1 <i>Right of use assets</i>		
Properties	61,540	-
Motor vehicles	36,080	-
	97,620	-
5.3.2 <i>Lease liabilities</i>		
Current	39,702	-
Non-current	108,437	-
	148,139	-

[#] In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings.

5.4 Intangible assets	2019	2018
	\$	\$
Goodwill	572,378	568,161
Patents and licences	533,606	510,905
Accumulated amortisation	(225,513)	(124,349)
	880,471	954,717
5.5 Provisions	2019	2018
	\$	\$
Provision for employee entitlements	17,687	9,710
	17,687	9,710

Note 6 Equity

6.1 Issued capital	2019	2018	2019	2018
	No.	No.	\$	\$
Fully paid ordinary shares at no par value	234,039,087	234,039,087	14,548,515	14,548,515
6.1.1 <i>Ordinary shares</i>	2019	2018	2019	2018
	No.	No.	\$	\$
At the beginning of the year	234,039,087	184,039,087	14,548,515	11,538,515
Shares issued during the year:				
■ 06.02.18 Controlled placement with Acuity Capital	-	6,500,000	-	10,000
■ 06.08.18 Entitlement Issue at \$0.07 per share	-	33,737,556	-	2,361,631
■ 06.08.18 Entitlement Issue at \$0.07 per share	-	6,262,444	-	438,369
■ 17.10.18 Options ex. at \$0.06	-	3,500,000	-	210,000
Transaction costs relating to share issues	-	-	-	(10,000)
At reporting date	234,039,087	234,039,087	14,548,515	14,548,515

Notes to the Appendix 4E preliminary final report
for the year ended 31 December 2019**Note 6 Equity (cont.)**

		2019	2018
		No.	No.
6.2	Performance shares		
	Performance shares	9,000,000	9,000,000
6.3	Options		
	At beginning of the year	34,954,205	46,362,616
	■ Expired Options	(4,954,205)	(7,908,411)
	Options exercised at 6 cents per share	-	(3,500,000)
	At reporting date	30,000,000	34,954,205
6.4	Reserves		
	Foreign currency translation reserve	(165,454)	(228,428)
	Share-based payment reserve	2,688,355	4,899,791
		2,522,901	4,671,363

Note 7 Company details**The registered office of the Company is:**

Address:

Street: 283 Rokeby Road
SUBIACO WA 6008

Telephone: +61 (0)8 6141 3500

Facsimile: +61 (0)8 6141 3599

Postal: PO Box 52
WEST PERTH WA 6872

**HOLISTA
COLLTECH**