

# HOLISTA COLLTECH

ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015



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## **CORPORATE INFORMATION**

**ABN 24 094 515 992**

### **Directors**

Dato' Dr Rajen Manicka, Managing Director and Chief Executive Officer  
Mr Daniel Joseph O'Connor, Non Executive Director  
Mr Chan Heng Fai, Non Executive Director

### **Chief financial officer**

Mr Kong Hon Khien

### **Company secretary**

Mr Jay Stephenson

### **Registered office**

Holista CollTech Limited  
ABN 24 094 515 992  
Suite 12, Level 1, 11 Ventnor Avenue, West Perth, WA 6005  
Telephone: (+618) 6141 3500  
Facsimile: (+618) 6141 3599

### **Share register**

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace, Perth WA 6000  
Telephone: (+618) 9323 2000  
Facsimile: (+618) 9323 2033

### **Bankers**

National Australia Bank  
100 St Georges Terrace, Perth WA 6000

### **Auditors**

Stantons International Audit and Consulting Pty Ltd  
Level 2, 1 Walker Avenue West Perth WA 6005

### **Stock Exchange**

Australian Securities Exchange (ASX)  
ASX Code: HCT



# ABOUT US

"We all strive to be healthy. Yet sometimes things are beyond our control. For the things that are, there's Holista Colltech. We have devoted all our research into finding natural solutions to help people improve their health. After all, being healthy is the best gift you can give to your body."

## CORPORATE PROFILE

Holista CollTech Ltd ("Holista") is a research-driven biotech company and is the result of the merger of Holista Biotech Sdn. Bhd. and CollTech Australia Ltd. Headquartered in Malaysia, Holista is dedicated to delivering first-class natural ingredients and wellness products and leads in research on herbs and food ingredients from Malaysia's rainforest – the oldest in the world.

Holista researches, develops, manufactures and markets "health-style" products to address the unmet and growing needs of natural medicine. It is the only company to produce sheep (ovine) collagen using patented extraction methods, and is on track in nano-nising and encapsulating liposomes for the ovine collagen.

Holista aims to build a world-class company which provides consumers with scientifically enhanced, engineered and tested natural health supplements and consumer products.

# CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of Holista CollTech ("Holista" or the "Group"), I am pleased to present the annual report for the financial year ended 30 June 2015 ("FY2015").

This financial year has been highly significant, not least for the reversal of six years of losses to post our first net profit of A\$33,488 (versus loss of A\$3.28 million in FY2014). This profit was achieved despite the weakening of the Malaysian ringgit (the currency in which our dietary supplements are sold) against the Australian dollar (our reporting currency). There was also some negative foreign exchange impact from the stronger U.S. dollar, the currency in which one of our subsidiaries operates.

A major reason for the turnaround was the completion of major research and development ("R&D") to improve our product line, particularly for ovine collagen and for scientific validation of four major healthy food ingredients. The latter is especially significant, as we have solidified our position as a leader in developing the basic building blocks of Salt, Sugar, Starch, and Saturated Fat. These ingredients are a major focus for fast food chains and food manufacturers, which are working to address the global epidemic of obesity, diabetes and cardiovascular disease.

Having achieved our R&D goals, our focus going forward is to enhance future growth and shareholder value by expanding our three core business pillars, forging strategic partnerships to widen our distribution channels, and moving up the value chain, including quality assurance.

## Business Review

The turnaround of our bottom-line was achieved on a 9% increase in turnover to A\$6.79 million in FY2015 from A\$6.23 million in FY2014, mainly from sales of dietary supplements in Malaysia and of cosmetic grade sheep collagen, Ovicoll. Sales of the latter have risen over the last three years, and reached A\$187,715 in FY2015.

Apart from the foreign exchange translation losses, significant costs were also incurred to commercialise healthy food ingredients in the United States, a market with vast potential due to its many global fast food and processed food brands. We are actively engaging with these players and promoting our proprietary Low Sodium Salt, Low Calorie Sugar, Low Glycemic Index ("GI") and Low Fat Chip.

## Sales of Supplements

Malaysian sales of dietary supplements remain our largest revenue contributor. In FY2015, we secured exclusive rights to distribute PRISTIN MOPL®, Norwegian herring caviar oil and the "third generation" extension of PRISTIN, our in-house brand which has dominated the Malaysian Omega 3 supplements market for six consecutive years. PRISTIN MOPL® solidifies our market leadership, and we are working to secure regulatory approval for the product beyond Malaysia.

We also secured distribution rights in Asia for EMULIN™, a patented natural plant-based compound to reduce blood sugar and weight. We also acquired the Asia-Pacific rights for Geltox Skin Science, a non-invasive skin formulation that can be applied directly on the skin to produce a "botox-like" effect, without needle injection. This technology involves tiny water- and fat-soluble liposomes that penetrate the skin. The liposomes transport and reduce the toxicity of anti-ageing active ingredients which, after penetration, are absorbed and diffused more efficiently throughout the body. Holista intends to use this technology to develop our proprietary sheep collagen for cosmetic application on the skin, without the need for injections.

## Food-grade Collagen

After three years of R&D in Australia, we introduced Ovinex™, the world's first food-grade sheep collagen in the United States and Malaysia in FY2015, marking our brand's entry into the global food grade collagen market. We believe it will be a new and significant source of revenue for the company going forward.

Developed from sheep skin – the consumption of which is free of religious or cultural issues associated with pig and cow sources – sourced from Australia (the only nation certified to have disease-free sheep), we believe Ovinex™ has significant growth potential.

We intend to commence full commercial shipments of food-grade sheep collagen in FY2016, which are expected to record higher revenues compared to cosmetic collagen in the near future. The daily dose of food-grade collagen is 150 grams a month, which is 150 times more than the single gram recommended for cosmetic application.

We are targeting direct marketing companies, amongst other sales and distribution channels, to launch our food-grade collagen. Towards this end, the Group intends to commission new equipment at its plant in Collie, Australia, in the first quarter of FY2016.

## Healthy Food Ingredients

Having completed major R&D, our newly incorporated U.S. subsidiary Litefood Inc. ("Litefood") has commenced active discussions in the country to commercialise our Low Sodium Salt, Low Calorie Sugar, Low Glycemic Index ("GI") and Low Fat Chip.

I am also pleased to report that we have begun selling our Low Sodium Salt and Low Calorie Sugar, albeit at a lower scale, through a Malaysian subsidiary. We will focus on the Business-to-Business (B2B) market to sell the ingredients, as this model seems more appropriate than the Business-to-Consumer (B2C) model, which will require substantial capital.

Apart from discussions with fast food companies in the U.S., we are conducting final Low GI trials in the University of Sydney for a potential European customer, with results expected in September 2015. Large-scale commercial testing of the Low Fat Chip will begin in Europe in the last quarter of FY2016.

## Strategic Partnerships

During the year under review, we forged a strategic partnership with U.S.-based multi-level marketing company iGalen Pte Ltd (iGalen), which sells products that naturally reduce inflammation. Holista will supply several products, including Emulin and Ovinex, to a wide-ranging network that includes the ASEAN countries and Australia.

Holista has been building international partnerships in order to market key products and access biopharmaceutical product patents and intellectual properties worldwide. We expect sales to grow as we widen our distribution network and increase our suite of products.

## Quality Assurance

As part of our efforts to constantly move up the value chain, Holista has spearheaded the launch of an anti-counterfeiting feature for food – the first of its kind in Asia – using high-security authentication pioneered by Sekuworks LLC ("Sekuworks"). Sekuworks is an established security printer and technology integrator that provides brand protection and other anti-counterfeiting solutions, including currency-printing technology.

Our premium PRISTIN MOPL® is now tagged with Sekuworks' QR track-and-trace system to prevent counterfeiting, which certifies that its quality has been secured at the highest level.

## Outlook

Holista completed the bulk of our R&D during the year under review, at a time when we also expanded our distribution network and moved up the value chain. We expect to drive future growth by introducing more new products – especially cosmetic and food-grade sheep collagen, as well as healthy food ingredients – to bigger markets.

We are confident that the strategic moves taken during FY2015, as well as our R&D efforts, have laid a strong foundation that positions us as a world-class manufacturer of proprietary food ingredients.

## Appreciation

On behalf of the Board, I would like to personally thank our valued shareholders for their patience during this difficult period. I would also like to express my appreciation for our R&D collaborators, retailers, suppliers and customers.

Most of all, I would like to convey my gratitude to my fellow directors – past and present – for guiding the company and charting our course, as well as my colleagues for their continuous support and dedication.

In closing, allow me to reiterate Holista's commitment to adding value for our shareholders. I look forward to another exciting year ahead with all of you.

- **Dato' Dr. Rajen Manicka**  
Chairman



**BUSINESS SEGMENT**

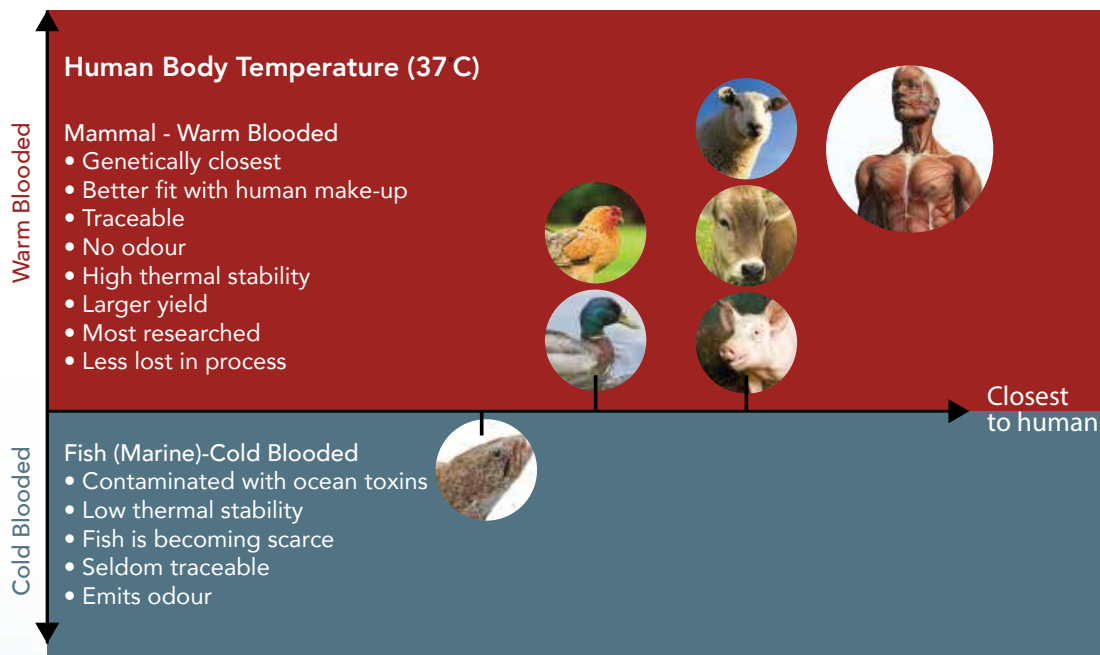
**COSMETIC GRADE COLLAGEN**



**Holista CollTech is proud to be the world's only ovine (sheep) collagen provider.**

Sheep collagen is the future of collagen-based products. Our mammalian-sourced, sheepskin-based collagen uses sheep from Australia, the only nation in the world to have disease-free sheep. It can be consumed without cultural, religious or health concerns, whereas traditional sources of collagen – pig, cow, bird, fish – potentially carry diseases such as “mad cow disease”, avian flu, and toxic heavy metal poisoning.

Comparison of Collagen Sources

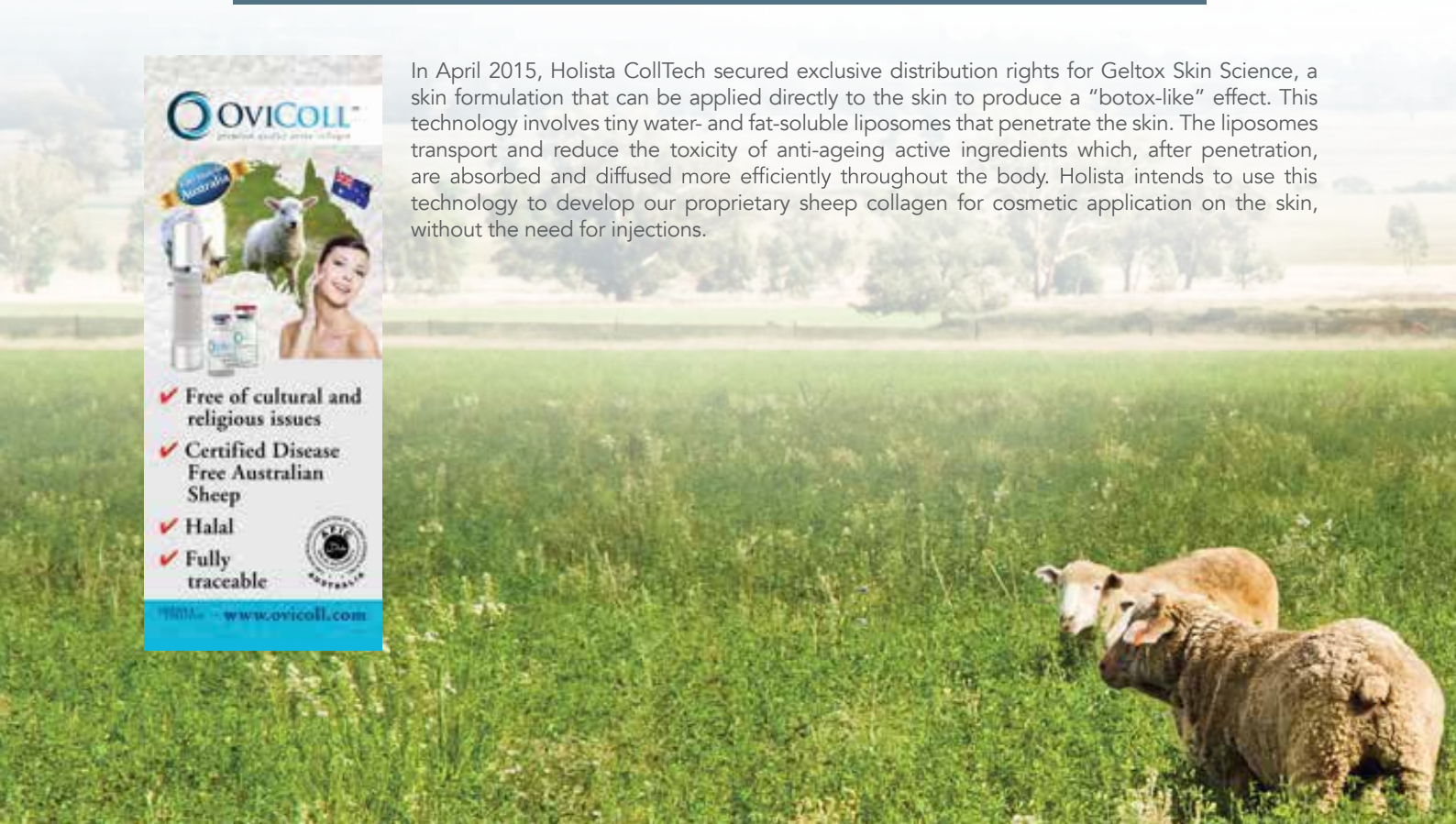


**OVI COLL™**  
premium quality ovine collagen

- ✓ Free of cultural and religious issues
- ✓ Certified Disease Free Australian Sheep
- ✓ Halal
- ✓ Fully traceable

www.ovicoll.com

In April 2015, Holista CollTech secured exclusive distribution rights for Geltox Skin Science, a skin formulation that can be applied directly to the skin to produce a “botox-like” effect. This technology involves tiny water- and fat-soluble liposomes that penetrate the skin. The liposomes transport and reduce the toxicity of anti-ageing active ingredients which, after penetration, are absorbed and diffused more efficiently throughout the body. Holista intends to use this technology to develop our proprietary sheep collagen for cosmetic application on the skin, without the need for injections.



**BUSINESS SEGMENT (continued)****FOOD GRADE COLLAGEN**

# OVINEX™

The Premium Sheep-Derived Collagen



In 2015, we launched OVINEX™, a halal-certified food-grade ovine collagen, to complement our cosmetic grade collagen at our plant in Collie. OVINEX™ is the result of three years of research and development in Australia, the U.S. and Malaysia, and marks a significant move into the large and growing global food-grade collagen market.

As the solution to bone density problems, stiff joints, and skin woes, OVINEX™ can be consumed and included in drinks, confectionery products, energy bars, yogurts and juices.





**BUSINESS SEGMENT (continued)****FUNCTIONAL FOOD INGREDIENTS**

The basic building blocks of all food products, dubbed the 4-S Tsunami, are Salt, Sugar, Starch and Saturated Fat. These ingredients are a major focus for fast food chains and food manufacturers, which are working to address the global epidemic of obesity, diabetes and cardiovascular disease.

Our U.S.-incorporated subsidiary, LiteFoods, Inc., a specialty food ingredient company with research and development facilities in Australia and Malaysia, concentrates on taking the guilt out of 'guilty pleasures' like fries, bread, sugar and salt.

LiteFoods' proprietary Low Sodium Salt, Low Calorie Sugar, Low Glycemic Index ("GI") and Low Fat Chip aim to create a healthier eating experience.

**Low Sodium Salt (LITESALT™)**

LITESALT reduces sodium levels in salt by 25% to 40%, significantly lowering the risk of blood pressure and heart disease. Our reduced sodium salt product replaces sodium with a proprietary potassium blend without an unpleasant metallic taste, and works equally well in water- and oil-based foods.

**Low Fat Chip (Neusolite™)**

Neusolite™ combines FDA-compliant natural ingredients in our patent-pending two-stage wash system, which dramatically reduces the amount of oil and saturated fat in deep-fried products such as chips. The final product reduces calories by up to 40%, creating crispier and healthier fried food.

**Low GI Bread (Gi LITE™)**

Gi LITE™ is a proprietary blend of ingredients based on two common Asian foods, okra (ladies finger) and the Indian mung beans, used in very low concentration. They are added to the manufacturing process to create wholesome breads, buns and pizzas without compromising taste. It reduces the glycemic index in bread by up to 40%, effectively delivering a low Gi 'wholemeal bread' with the look, taste and texture of white bread.

**Low Calorie Sugar (ZEROVIA™, 80LESS™)**

ZEROVIA™ is a zero-calorie sugar substitute that can be used for virtually any application (except as a bulking agent) with no aftertaste. It can be used in cooking: a single teaspoon of ZEROVIA™ is the equivalent of two teaspoons of sugar, with none of the calories.

80Less™ – 80LESS is five times sweeter than sugar with 80% fewer calories. It is specifically designed and processed for use with liquid and dry mix applications.



**BUSINESS SEGMENT (continued)****DIETARY SUPPLEMENTS**

The Supplements business segment of Holista CollTech forms our largest revenue stream, with a strong distribution network throughout Malaysia. We market and sell 23 different proprietary supplements through our two wholly owned subsidiaries, with new products in the pipeline.

These products include PRISTIN, our in-house brand which has dominated Malaysia's Omega 3 supplements market for six consecutive years; LACTO-5, probiotics to aid digestion; and MOO, a calcium and mineral extract from milk.

**PRISTIN MOPL®**

During the year, we secured exclusive ASEAN distribution rights for PRISTIN MOPL®, an extension of our PRISTIN brand. This "third-generation" Omega 3 supplement is sourced from premium Norwegian herring caviar, and is clinically proven to have a significantly higher absorption rate of nutrients than most products on the market.

While Omega 3 improves cognitive performance and prevents heart disease, it is not naturally produced by the human body and must be absorbed from one's diet. The body can only absorb about 15% of the Omega 3 contained in traditional (second-generation) fish oil capsules.

PRISTIN MOPL® incorporates phospholipids that surround the human cell. Aside from human breast milk, Omega 3 phospholipids occur abundantly in fish roe, and have more than twice the absorption rate of high-end fish oils. Its biological composition is more stable, preventing rancidity and gastric discomfort. Aside from boosting cognitive performance and preventing the risk of heart disease, ingesting high quantities of phospholipids can improve the overall functionality of the heart, liver, kidneys, lungs and skin.

Our premium PRISTIN MOPL® is also tagged with Sekuworks LLC's ( "**Sekuworks**") QR track-and-trace system to prevent counterfeiting, which certifies that its quality has been secured at the highest level. Sekuworks is an established security printer and technology integrator that provides higher security brand protection and other anti-counterfeiting solutions, including currency-printing technology.





# DIRECTORS' REPORT

## Dietary Supplements

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

Revenue in this area has increased by 9% as compared to the previous year. The company has also successfully launched five (5) new products in Malaysia to cater to market demand and to increase its market presence in the dietary supplement market. Furthermore, the company has also generated new source of revenue by supplying raw materials to Multi-Level Marketing companies. The Group will continue to source new potential products for the coming year.

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

## Sheep Collagen (Ovine)

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

## DIRECTORS' REPORT (continued)

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

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

### Healthy Food Ingredients

The Group's key focuses are:-

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



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

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

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

### Operating results for the year

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

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



**DIRECTORS' REPORT (continued)**

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

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

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

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

**Financial Position**

The Group's net assets increased during the year by \$761,812 to \$2,291,204 with revenue being the principal contributor to the funding of the Company's operations for the year.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 June 2015 other than disclosed elsewhere in this Annual Report.

**Dividends**

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

**Significant events after balance date**

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

**Likely developments and expected results**

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

**Environmental legislation**

Holista CollTech Limited has operated under environmental licence 7998/1 issued by the Western Australian Department of Environment as prescribed under the Environmental Protection Act 1986. The licence relates to collagen extraction and purification, waste water storage and wastewater 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.

Other than mentioned above, during and since the end of the financial year, the directors are not aware of any particular or significant environmental issues which have been raised in relation to the Group's operations.

**Risk Management**

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

Oversight: An Audit Committee has been established to direct, review and initiates corrective action in matters of internal control and minimise risk exposures compatible with a group company 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 effected, what controls might be put in place and whether the resulting levels of exposure are acceptable.

**DIRECTORS' REPORT (continued)**

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 (SOP's) 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: Standard Operating Procedures 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 and External Auditors, instructs improvements to be put in place.

**Information on Directors**

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

**Names, qualifications, experience and special responsibilities****Dato' Dr Rajen Manicka - Managing Director**

Dato' Dr Rajen, B Ph.(Hons) began his career as an intern pharmacist at the Kuala Lumpur General Hospital from 1986 - 1987. In 1987 he joined Lee Pharmacy as a community Pharmacist. Over a period of 9 years, Dr Rajen worked for several reputable pharmaceutical companies including Roche and CIBA Pharmaceuticals in various capacities including medical representative, product manager and 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.

Dato' 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.

Dato' Dr Rajen 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.

Dato Dr Rajen holds no other current directorships in listed companies and has no former directorships in listed companies in the last three years.

**Mr Daniel Joseph O'Connor – Non Executive Director**

Mr O'Connor has over 20 years in professional practice with a specialisation in Intellectual Property Commercialisation. He is the Consultant Principal and major shareholder of Xenex Consulting and the Keys2Growth program, and has helped numerous companies expand their international trading boundaries through planning, funding, and strategy.

Mr O'Connor holds a Bachelor of Business in marketing and a Master of Business Administration specialising in International Business. He has commenced a doctoral degree in International Business, focused on the commercialisation of intellectual property. He has served as a Director or Executive Officer in project companies. He is an international author and lecturer and is a member of the United Nations Subcommittee on Innovation and Entrepreneurship within the Asia Pacific Business Forum.

Mr O'Connor holds no other current directorships in listed companies and has had no former directorships in listed companies in the last three years.

**DIRECTORS' REPORT (continued)**

**Mr Chan Heng Fai – Non Executive Director**

Mr Chan Heng Fai has restructured over 35 companies in different industries and countries in the past 40 years.

In 1987, Mr Chan Heng Fai 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 5 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 [for the year 2003], which ranked ahead of names such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.

In 1997, Mr Chan Heng Fai acquired and ran a regional investment banking and securities broking-dealing business headquartered in Denver, with 12 offices throughout USA.

**Chief Financial Officer**

**Mr Kong Hon Khien**

Kong Hon Khien is a Member of the Malaysia Institute of Accountants (MIA) and an Associate Member of the Chartered Institute of Management Accountants (CIMA). He has more than 20 years of working experience from various industries ranging from manufacturing, investment holding, information technology, and transportation. He has served as Chief Financial Officer for 2 public companies listed on the Main Board of Bursa Malaysia prior to joining Holista CollTech Ltd.

**Company Secretary**

**Mr Jay Stephenson**

Mr Jay Stephenson holds a Master of Business Administration, is a Fellow of the Certified Practicing Accountants (Australia), Certified Management Accountant (Canada), Member of the Australian Institute of Company Directors and Fellow of the Chartered Institute of Secretaries.

Mr Stephenson has over 21 years of business development including approximately 20 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, as well as managing all areas of finance for companies. He sits on the boards of Holista CollTech Limited, Doray Minerals Limited, Drake Resources Limited, Strategic Minerals Corporation NL, Nickelore Limited and Yonder and Beyond Group Limited as well as acts as Company Secretary for a number of ASX Listed resource and industrial companies.

**Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

	<b>No of Directors' Meeting held</b>	<b>No. Of Directors' Meeting Attended</b>
Dato' Dr Rajen Manicka	4	4
Mr Daniel Joseph O'Connor	4	4
Mr Chan Heng Fai	4	4

**Interests in the shares and options of the company and related bodies corporate**

The following relevant interests in shares and options of the company or a related body corporate were held by the directors as at the date of this report.

**DIRECTORS' REPORT (continued)**

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Dato' Dr Rajen Manicka	-	73,914,400
Mr Chan Heng Fai	23,333,333	20,898,268

Mr Chan Heng Fai is the director of Hengfai Business Development Pte Ltd which in addition to the above also currently holds \$500,000 convertible notes in Holista Colltech Ltd.

**Options**

No ordinary shares have been issued by the Company during or since the end of the financial year as a result of the exercise of an option.

At the date of this report there are 25,333,333 unissued ordinary shares of the Company under option.

**Indemnification and insurance of Directors and Officers**

Holista CollTech Limited has agreed to indemnify all the directors of the Company 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.

During the financial year Holista CollTech Limited has paid a premium of \$17,157 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. (2014: \$17,156)

**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, Stantons International Audit and Consulting Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 31 and forms part of this Directors' Report for the year ended 30 June 2015.

**Non-Audit Services**

No amounts were paid or payable to the auditors for non-audit services as outlined in Note 24 to the financial statements.

**Remuneration report (Audited)**

This report outlines the remuneration arrangements in place for the key management personnel of Holista CollTech Limited (the "Group") for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Company, and includes the executives in the Parent and the Group.

**Key Management Personnel****(i) Directors**

Dato' Dr Rajen Manicka	- Managing Director and Chief Executive Officer
Mr Daniel Joseph O' Connor	- Non-Executive Director
Mr Chan Heng Fai	- Non-Executive Director

**(ii) Executives**

Mr Kong Hon Khien (Chief Financial Officer)
Mr Jay Stephenson (Company Secretary)



**DIRECTORS' REPORT (continued)**

Except as noted, the named persons held their current position during the whole of the financial year and up to the date of this report.

**Remuneration philosophy**

The performance of the Company depends upon the quality of the directors and executives. 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 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 Board and executive team.

Currently the responsibilities of the Remuneration Committee are undertaken by the full Board.

**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 30 June 2015 is detailed in Table 1 of this report.

**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 Remuneration Committee. 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.

**DIRECTORS' REPORT (continued)**

The fixed remuneration component of the company executives is detailed in Table 2.

**Variable Remuneration**

The aggregate of annual payments available for executives across the Group is subject to the approval of the Remuneration Committee. During the year, the Board of Directors approved \$28,225 bonus payment to its Malaysia subsidiaries as per their employment contract. (2014: \$11,197)

**Employment Contracts**

On 7 September 2010, the Group entered into an Employment Agreement with Dato Dr. Rajen to act as Chief Executive Officer and Managing Director. On the 28 August 2015, the Board of Directors reviewed and renewed the Employment Agreement of Dato' Dr Rajen as the Chief Executive Director and Managing Director of the Group. Saved for the changes below, all other terms and conditions of the original Agreement dated 7 September 2010 remains the same.

A summary of the terms of his employment are as follows:

		Dato' Dr. Rajen Manicka
a)	Commencement date	10 July 2015
b)	Termination date of contract	Initial 3 year period
c)	Period of notice for resignation/termination	3 months
d)	Remuneration	RM692,160 (AUD229,054)
e)	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.
f)	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.



**Table 1**  
**Directors' Remuneration**

	Short-term Employee benefits				Post-employment benefit			Equity		Performance Related %
	Salary & Fees \$	Bonuses \$	Non-Monetary Benefits \$	Super-annuation \$	Other \$	Share Options \$	Total \$			
Mr Daniel Joseph O'Connor	2015	36,000	-	-	-	-	-	36,000	-	-
	2014	39,000	-	-	-	-	-	39,000	-	-
Mr Chan Heng Fai	2015	36,000	-	-	-	-	-	36,000	-	-
	2014	36,000	-	-	-	-	-	36,000	-	-
Mr Mark Peter Collins (Resigned 31/7/2013)	2015	-	-	-	-	-	-	-	-	-
	2014	6,000	-	-	-	-	-	6,000	-	-
Dato' Dr Rajen Manicka	2015	234,162	19,862	-	48,265	-	-	302,289	-	-
	2014	209,923	8,492	-	41,502	-	-	259,917	-	-
Total	2015	306,162	19,862	-	48,265	-	-	374,289	-	-
	2014	290,923	8,492	-	41,502	-	-	340,917	-	-

Mr Daniel O'Connor remuneration was paid by way of fees to Xenex Consulting.  
Mr Mark Peter Collins remuneration was paid by way of fees to William Buck (WA) Pty Ltd.

- (i) As approved by the shareholders in the Annual General Meeting held on the 27 November 2013, the Company granted 23,333,333 options (warrants) to Mr Chan Heng Fai, Director, pursuant to his participation in the placement. The options have a fair value of \$2,163,772 using the Black Scholes valuation method. At 30 June 2014 a portion of the fair value of the options (\$70,000) has been treated as equity raising costs with the balance being expensed. These amounts are not included in the remuneration table above. Please refer to Note 26: Share Based Payments and Note 20: Related Party Disclosures for further details.

**Table 2**  
**Executives Remuneration**

		Short-term Employee benefits			Post-employment benefit			Equity		Performance Related %
		Salary & Fees \$	Bonuses \$	Non-Monetary Benefits \$	Super-annuation \$	Other \$	Share options \$	Total \$		
Mr. Kong Hon Khiem	2015	83,629	8,363	-	19,862	-	-	-	111,854	-
	2014	66,869	2,705	-	9,201	-	-	-	78,775	-
Mr. Jay Stephenson	2015	48,000	-	-	-	-	-	-	48,000	-
	2014	60,000	-	-	-	-	-	-	60,000	-
Total	2015	131,629	8,363	-	19,862	-	-	-	159,854	-
	2014	126,869	2,705	-	9,201	-	-	-	138,775	-

**DIRECTORS' REPORT (continued)**

**Details of employee share option plans**

The Group believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders.

At present the Group does not have an employee share option plan.

**Bonuses**

No bonus was granted to the Directors except for Dr M. Rajen Manicka, \$19,862 for his contribution in the Malaysia operation. (2014 : \$8,492).

**Share-based payments**

No shares or options were issued as share based compensation during the year.

23,333,333 options (warrants) were issued to Mr Chan Heng Fai pursuant to his participation in the placement completed on 27 November 2013.

*Options awarded and vested in Holista CollTech Limited (number) during the year ended 30 June 2014.*

<b>30 June 2014</b>	<b>Awarded Number</b>	<b>Award date</b>	<b>Fair value per option at award date \$</b>	<b>Exercise price \$</b>	<b>Expiry date</b>	<b>Number vested or lapsed during year</b>
<b>Directors</b>						
Mr Chan Heng Fai	23,333,333	27/11/ 2013	0.09	0.06	17/12/2018	23,333,333
Dato' Dr Rajen Manicka	-	-	-	-	-	-
Mr Daniel O'Connor	-	-	-	-	-	-
<b>Executives</b>						
Mr Kong Hon Khien	-	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-	-
	<b>23,333,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,333,333</b>

**Relationship between the remuneration policy and company performance**

The Company has been in an ongoing restructure of its operation since the reverse takeover in Year 2009. 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 (4) financial years is not related to the Company's performance.

**DIRECTORS' REPORT (continued)**

Ordinary shares held in Holista CollTech Limited (number)

<b>30 June 2015</b>	Balance at beginning of year	Granted as remuneration	On Exercise of Option	Net Change Other	Balance at end of year
<b>Directors</b>					
Mr Chan Heng Fai	11,666,667	-	-	9,231,601	20,898,268
Dato' Dr Rajen Manicka	73,914,400	-	-	-	73,914,400
Mr Daniel O'Connor	-	-	-	-	-
<b>Executives</b>					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	85,581,067	-	-	9,231,601	94,812,668

12,731,601 shares issued to Mr Chan Heng Fai upon conversion of \$1,000,000 convertible notes on 24 September 2014.

<b>30 June 2014</b>	Balance at beginning of year	Granted as remuneration	On Exercise of Option	Net Change Other	Balance at end of year
<b>Directors</b>					
Mr Chan Heng Fai	-	-	-	11,666,667	11,666,667
Dato' Dr Rajen Manicka	77,039,400	-	-	(3,125,000)	73,914,400
Mr Daniel O'Connor	-	-	-	-	-
<b>Executives</b>					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	77,039,400	-	-	8,541,667	85,581,067

**DIRECTORS' REPORT (continued)**

*Options held in Holista CollTech Limited (number)*

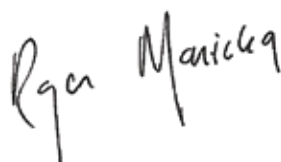
	Balance at beginning of year	Granted	Vested	Lapsed	Balance at end of year
<b>30 June 2015</b>					
<b>Directors</b>					
Mr Chan Heng Fai	23,333,333	-	-	-	23,333,333
Dato' Dr Rajen Manicka	-	-	-	-	-
Mr Daniel O'Connor	-	-	-	-	-
<b>Executives</b>					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	23,333,333	-	-	-	23,333,333
<b>30 June 2014</b>					
<b>Directors</b>					
Mr Chan Heng Fai	-	23,333,333	-	-	23,333,333
Dato' Dr Rajen Manicka	-	-	-	-	-
Mr Daniel O'Connor	-	-	-	-	-
<b>Executives</b>					
Mr Kong Hon Khien	-	-	-	-	-
Mr Jay Stephenson	-	-	-	-	-
	-	23,333,333	-	-	23,333,333

*Value of options held by directors, exercised and lapsed during the year.*

No options were exercised, forfeited or lapsed during the year. For details on the valuation of the options, including models and assumptions used, please refer to note 26.

**END OF REMUNERATION REPORT**

The Director' Report incorporating the Remuneration Report is signed in accordance with a resolution of the Directors.



Dato' Dr. Rajen Manicka  
Director  
Selangor, Malaysia  
28 September 2015

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at [www.holistaco.com](http://www.holistaco.com).

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1</b></p> <p>A listed entity should have and disclose a charter which:</p> <p>(a) sets out the respective roles and responsibilities of the board, the chair and management; and</p> <p>(b) includes a description of those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards 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.</p> <p>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.</p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(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.</p> <p>(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.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>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.</p>
<p><b>Recommendation 1.4</b></p> <p>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.</p>	YES	<p>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.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p>	YES	<p>(a) The Company has adopted a Diversity Policy.</p> <p>(i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that</p>



<ul style="list-style-type: none"> <li>(i) to set measurable objectives for achieving gender diversity; and</li> <li>(ii) to assess annually both the objectives and the entity's progress in achieving them;</li> </ul> <p>(b) disclose that policy or a summary or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(ii) either: <ul style="list-style-type: none"> <li>(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</li> <li>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</li> </ul> </li> </ul>		<p>encompass gender equality.</p> <ul style="list-style-type: none"> <li>(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.</li> </ul> <p>(b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website.</p> <p>(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.</p> <p>(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.</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>YES</p>	<ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ul>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>YES</p>	<ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ul>
<p><b>Principle 2: Structure the board to add value</b></p>		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director,</li> </ul> </li> </ul>	<p>YES</p>	<ul style="list-style-type: none"> <li>(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</li> </ul>

<p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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.</p>		<p>reference for that committee.</p> <p>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.</p> <p>The Board devotes time at [each/quarterly/annual board meeting(s)] 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.</p> <p>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.</p>																																		
<p><b>Recommendation 2.2</b></p> <p>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.</p>	<p>YES</p>	<table border="1" data-bbox="874 757 1401 1664"> <thead> <tr> <th data-bbox="874 757 1201 857">Board Skills Matrix</th> <th data-bbox="1201 757 1401 857">Number of Directors that Meet the Skill</th> </tr> </thead> <tbody> <tr> <td data-bbox="874 857 1201 925">Executive &amp; Non- Executive experience</td> <td data-bbox="1201 857 1401 925">3</td> </tr> <tr> <td data-bbox="874 925 1201 992">Industry experience &amp; knowledge</td> <td data-bbox="1201 925 1401 992">1</td> </tr> <tr> <td data-bbox="874 992 1201 1037">Leadership</td> <td data-bbox="1201 992 1401 1037">3</td> </tr> <tr> <td data-bbox="874 1037 1201 1104">Corporate governance &amp; risk management</td> <td data-bbox="1201 1037 1401 1104">3</td> </tr> <tr> <td data-bbox="874 1104 1201 1149">Strategic thinking</td> <td data-bbox="1201 1104 1401 1149">3</td> </tr> <tr> <td data-bbox="874 1149 1201 1216">Desired behavioural competencies</td> <td data-bbox="1201 1149 1401 1216">3</td> </tr> <tr> <td data-bbox="874 1216 1201 1261">Geographic experience</td> <td data-bbox="1201 1216 1401 1261">3</td> </tr> <tr> <td data-bbox="874 1261 1201 1305">Capital Markets experience</td> <td data-bbox="1201 1261 1401 1305">3</td> </tr> <tr> <td data-bbox="874 1305 1201 1350"><i>Subject matter expertise:</i></td> <td data-bbox="1201 1305 1401 1350"></td> </tr> <tr> <td data-bbox="874 1350 1201 1395">- accounting</td> <td data-bbox="1201 1350 1401 1395">3</td> </tr> <tr> <td data-bbox="874 1395 1201 1440">- capital management</td> <td data-bbox="1201 1395 1401 1440">3</td> </tr> <tr> <td data-bbox="874 1440 1201 1485">- corporate financing</td> <td data-bbox="1201 1440 1401 1485">3</td> </tr> <tr> <td data-bbox="874 1485 1201 1529">- industry taxation <sup>1</sup></td> <td data-bbox="1201 1485 1401 1529">0</td> </tr> <tr> <td data-bbox="874 1529 1201 1574">- risk management</td> <td data-bbox="1201 1529 1401 1574">3</td> </tr> <tr> <td data-bbox="874 1574 1201 1619">- legal</td> <td data-bbox="1201 1574 1401 1619">3</td> </tr> <tr> <td data-bbox="874 1619 1201 1664">- IT expertise <sup>2</sup></td> <td data-bbox="1201 1619 1401 1664">0</td> </tr> </tbody> </table> <p>(1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements.</p> <p>(2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.</p>	Board Skills Matrix	Number of Directors that Meet the Skill	Executive & Non- Executive experience	3	Industry experience & knowledge	1	Leadership	3	Corporate governance & risk management	3	Strategic thinking	3	Desired behavioural competencies	3	Geographic experience	3	Capital Markets experience	3	<i>Subject matter expertise:</i>		- accounting	3	- capital management	3	- corporate financing	3	- industry taxation <sup>1</sup>	0	- risk management	3	- legal	3	- IT expertise <sup>2</sup>	0
Board Skills Matrix	Number of Directors that Meet the Skill																																			
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- risk management	3																																			
- legal	3																																			
- IT expertise <sup>2</sup>	0																																			
<p><b>Recommendation 2.3</b></p> <p><b>A listed entity should disclose:</b></p> <p>(a) the names of the directors considered by</p>	<p>YES</p>	<p>(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.</p>																																		

<p>the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director</p>		<p>(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.</p> <p>(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.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>YES</p>	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>Details of each Director's independence are provided in the Annual Reports and Company website.</p>
<p><b>Recommendation 2.5</b></p> <p>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.</p>	<p>YES</p>	<p>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.</p>
<p><b>Recommendation 2.6</b></p> <p>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.</p>	<p>YES</p>	<p>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.</p>
<p><b>Principle 3: Act ethically and responsibly</b></p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>YES</p>	<p>(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.</p>
<p><b>Principle 4: Safeguard integrity in financial reporting</b></p>		
<p><b>Recommendation 4.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and</p>	<p>YES</p>	<p>(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.</p> <p>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.</p> <p>The Board devote time at annual board</p>

<p>experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>		<p>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.</p>
<p><b>Recommendation 4.2</b></p> <p>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.</p>	<p>YES</p>	<p>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.</p>
<p><b>Recommendation 4.3</b></p> <p>A 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.</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
<p><b>Principle 5: Make timely and balanced disclosure</b></p>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(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.</p> <p>(b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.</p>
<p><b>Principle 6: Respect the rights of security holders</b></p>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p>	<p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.</p> <p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.</p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective</p>	<p>YES</p>	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder</p>

two-way communication with investors.		Communications Strategy outlines a range of ways in which information is communicated to shareholders.
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	<p>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.</p> <p>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.</p>
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(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</li> </ul> <p>(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.</p>	YES	<ul style="list-style-type: none"> <li>- 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.</li> </ul> <p>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.</p> <p>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.</p>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(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</p>	YES	<p>(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</p>

<p>business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>		<p>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.</p> <p>(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.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>YES</p>	<p>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.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>YES</p>	<p>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.</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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</p>	<p>YES</p>	<p>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.</p> <p>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.</p> <p>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.</p>

appropriate and not excessive.		
<p><b>Recommendation 8.2</b></p> <p>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.</p>	<p>YES</p>	<p>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.</p>
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(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.</p> <p>(b) A copy of the Company's Corporate Governance Plan is available on the Company's website.</p>

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28 September 2015

Board of Directors  
Holista CollTech Limited  
Suite 12, Level 1  
11 Ventnor Avenue  
West Perth WA 6005

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 30 June 2015, 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 faithfully

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



**Samir Tirodkar**  
Director

West Perth, Western Australia



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

	Notes	2015 \$	2014 \$
Revenue from continuing operations	3	6,788,953	6,227,814
Other income	3	352,163	441,192
Change in inventories of finished goods and work in progress	3	287,788	72,934
Raw materials and consumables used	3	(2,616,483)	(2,043,635)
Employee benefits expense		(2,180,081)	(2,127,737)
Depreciation expense	11 & 12	(221,368)	(187,560)
Impairment	12	-	(927,287)
Finance costs		(159,287)	(330,985)
Share based payments	26	-	(2,172,994)
Other expenses	3	(2,143,914)	(2,344,892)
<b>Profit/ (loss) before income tax expense</b>		<b>107,771</b>	<b>(3,393,150)</b>
Income tax (expense)/ benefit	4	(150,756)	19,419
<b>(Loss) after tax from continuing operations</b>		<b>(42,985)</b>	<b>(3,373,731)</b>
<b>Loss for the year</b>		<b>(42,985)</b>	<b>(3,373,731)</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(22,759)	(31,443)
<b>Total comprehensive loss for the year</b>		<b>(65,744)</b>	<b>(3,405,174)</b>
<b>Profit/ (loss) attributable to :-</b>			
Owners of the parent		33,488	(3,280,822)
Non-controlling interest		(76,473)	(92,909)
		(42,985)	(3,373,731)
<b>Total comprehensive loss attributable to :-</b>			
Owners of the parent		28,204	(3,306,330)
Non-controlling interest		(93,948)	(98,844)
		(65,744)	(3,405,174)
Basic profit/ (loss) per share (cents per share)	6	0.02	(2.41)
Diluted profit/ (loss) per share (cents per share)	6	0.02	(2.41)

The accompanying notes form part of these financial statements

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

	Notes	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	497,766	1,511,648
Trade and other receivables	8	1,782,314	1,225,409
Inventories	10	1,010,682	695,700
Other current assets	9	179,612	186,673
<b>Total Current Assets</b>		<b>3,470,374</b>	<b>3,619,430</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	1,305,455	1,374,843
Intangible assets	12	189,190	188,921
Other financial assets	9	16,271	23,585
Deferred tax asset	4	-	36,802
<b>Total Non-Current Assets</b>		<b>1,510,916</b>	<b>1,624,151</b>
<b>Total Assets</b>		<b>4,981,291</b>	<b>5,243,581</b>
<b>Current Liabilities</b>			
Trade and other payables	13	1,126,154	637,410
Borrowings	14	773,015	1,101,023
Other liabilities	13	-	69,162
Deferred tax liability	4	826	-
Current tax liability	4	114,081	-
<b>Total Current Liabilities</b>		<b>2,014,076</b>	<b>1,807,595</b>
<b>Non-Current Liabilities</b>			
Borrowings	14	676,011	1,906,594
<b>Total Non-Current Liabilities</b>		<b>676,011</b>	<b>1,906,594</b>
<b>Total Liabilities</b>		<b>2,690,087</b>	<b>3,714,189</b>
<b>Net Assets</b>		<b>2,291,204</b>	<b>1,529,392</b>
<b>Equity</b>			
Issued capital	15	9,424,203	8,596,647
Reserves	16	2,196,280	2,201,564
(Accumulated losses)	16	(9,136,762)	(9,170,250)
Total parent entity interest		2,483,721	1,627,961
Non-controlling interest	17	(192,517)	(98,569)
<b>Total Equity</b>		<b>2,291,204</b>	<b>1,529,392</b>

The accompanying notes form part of these financial statements

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

	Notes	Issued Capital \$	Compound Financial Instrument \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Translation \$	Non- controlling interest \$	Total \$
<b>Balance as at 1 July 2013</b>		<b>7,554,145</b>	<b>412,502</b>	<b>(5,889,428)</b>	-	<b>(15,922)</b>	-	<b>2,061,297</b>
(Loss) for the year		-	-	(3,280,822)	-	-	(92,909)	(3,373,731)
Exchange differences arising on translation of foreign operations		-	-	-	-	(25,508)	(5,935)	(31,443)
<b>Total comprehensive loss for the year</b>		-	-	<b>(3,280,822)</b>	-	<b>(25,508)</b>	<b>(98,844)</b>	<b>(3,405,174)</b>
Non-controlling interest		-	-	-	-	-	275	275
Shares issued during the year		700,000	-	-	-	-	-	700,000
Options issued		-	-	-	2,242,994	-	-	2,242,994
Equity raising costs		(70,000)	-	-	-	-	-	(70,000)
<b>Balance at 30 June 2014</b>	<b>15 &amp; 16</b>	<b>8,184,145</b>	<b>412,502</b>	<b>(9,170,250)</b>	<b>2,242,994</b>	<b>(41,430)</b>	<b>(98,569)</b>	<b>1,529,392</b>
<b>Balance as at 1 July 2014</b>		<b>8,184,145</b>	<b>412,502</b>	<b>(9,170,250)</b>	<b>2,242,994</b>	<b>(41,430)</b>	<b>(98,569)</b>	<b>1,529,392</b>
Profit/ (loss) for the year		-	-	33,488	-	-	(76,473)	(42,985)
Exchange differences arising on translation of foreign operations		-	-	-	-	(5,284)	(17,475)	(22,759)
<b>Total comprehensive loss for the year</b>		-	-	<b>33,488</b>	-	<b>(5,284)</b>	<b>(93,948)</b>	<b>(65,744)</b>
Shares issued during the year		1,102,557	(275,001)	-	-	-	-	827,556
<b>Balance at 30 June 2015</b>	<b>15 &amp; 16</b>	<b>9,286,702</b>	<b>137,501</b>	<b>(9,136,762)</b>	<b>2,242,994</b>	<b>(46,714)</b>	<b>(192,517)</b>	<b>2,291,204</b>

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

	2015	2014
Notes	\$	\$
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Receipts from customers	5,704,848	6,110,166
Payments to suppliers and employees	(6,027,297)	(6,815,024)
Interest received	17,281	49,410
Finance costs	(5,907)	(1,872)
Net income tax received	306,842	381,228
<b>Net cash (used in) operating activities</b>	<b>7 (ii) (4,233)</b>	<b>(276,092)</b>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of property, plant and equipment	1,700	18,442
Purchase of intellectual property	(5,319)	(57,662)
Purchase of property, plant and equipment	(113,142)	(16,789)
Loan repayments (paid to) related parties	-	(283,074)
<b>Net cash (used in) by investing activities</b>	<b>(116,761)</b>	<b>(339,083)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(699,525)	(1,655,778)
Proceeds from issue of shares	-	700,000
<b>Net cash (used in) by financing activities</b>	<b>(699,525)</b>	<b>(955,778)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(820,519)</b>	<b>(1,570,953)</b>
Cash and cash equivalents at beginning of year	1,326,477	2,864,983
Effect of exchange rate fluctuations on cash held	(8,192)	32,447
<b>Cash and cash equivalents at end of year</b>	<b>7 (i) 497,766</b>	<b>1,326,477</b>

The accompanying notes form part of these financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 1: REPORTING ENTITY

Holista CollTech Limited is a company domiciled in Australia. The Company's registered address is Suite 12, Level 1, 11 Ventnor Avenue, West Perth, WA 6005. The consolidated financial statements of the Group as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities") and the Group's interest in associates and jointly controlled entities. The Group is a for-profit entity and primarily involved in development and commercialisation of food ingredients and ovine collagen.

### NOTE 2: SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 25 September 2015.

#### b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Holista CollTech Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 21.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

#### c) Business combination

Business combinations occur when an acquirer obtains control over one or more businesses.

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interests proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

#### d) **Going Concern**

The Group has reported a net loss after tax for the year of \$42,985 and a cash outflow from operating activities of \$4,233. Its current assets of \$3,470,374 exceed the current liabilities of \$1,563,606.

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.

The Group's cosmetic collagen business has continued to grow, generating revenue of \$187,715 (2014: \$115,070) from its Collagen Plant in Perth, Western Australia. Revenue from this business will continue to grow in the coming year with an order on hand of 3,500kg from Thailand to be delivered by December 2015. There is an expectation that more orders will be secured from January 2016 to June 2016 which promise to continue the growth of this business segment.

During this reporting period, the Group has managed to produce small scale samples of its patented Food Grade Collagen for its potential customers. The potential customers are currently working on formulating the Food Grade Collagen into their food and/ or drinks. With this positive development, the Group plan to invest in some essential equipment at its Collie Plant to produce the Food Grade Collagen on a higher scale. We expect this equipment to be commissioned by the end of 2015 and will start to generate its first revenue in early 2016. With this positive development, the Group is confident that this new source of revenue from Collie will contribute positively to the Group's revenue in the coming financial year.

On the Healthy Food Ingredients, our marketing company, Litefood Inc. in the USA has continued to source potential customers in the USA. One of the Group's potential customers from Europe is currently conducting a final trial on the Low Glycaemic Index (G.I.) formulation at the University of Sydney, Australia. We expect positive results from this trial which will lead to potential orders in the new financial year.

The Group is confident that part of the warrants worth \$1.4 million will be exercised in the new financial year to support the commercialisation of the Food Grade Collagen and Healthy Food Ingredients business. With the continuing progress/ improvement recorded during the past few years, the Group is confident that funding through further capital raising exercises is a possibility should the need arise. While the Group is optimistic that its Malaysian and Australian revenue will continue to grow and contribute positively in the future, it does realise the risk should the Group fail to generate sufficient positive cash flows and/or obtain funding when required. There is significant uncertainty as to whether the Group will continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

#### e) **Income tax**

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

#### f) Fair Value of Assets and Liabilities

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 Accounting Standard.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (i.e. 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 (ie 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 (ie 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 takes into account 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.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

#### **Valuation techniques**

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. 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.

#### **Fair value hierarchy**

AASB 13 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:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF 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:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa;  
or
- (ii) 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.

#### g) **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.

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

#### h) **Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Such 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.

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.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings - over 25 years

Motor vehicles – over 10 years

Plant and equipment - over 5 to 20 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

#### *(iii) De-recognition 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.

#### i) **Financial Instruments**

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

##### **Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Revisions to expected future net cash flows will necessitate an adjustment to carrying amount with a consequential recognition of an income or expense item in profit or loss.

##### *(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### *(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at

amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

#### *(iv) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

#### *(v) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and the financial liability is derecognised.

### **Impairment**

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

#### *(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### *(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

#### *(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### **De-recognition**

#### *(i) Financial assets*

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - a) has transferred substantially all the risks and rewards of the asset, or
  - b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### *(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015****NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****j) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

**k) Intangibles Other than Goodwill***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.

*Internally generated intangible assets - research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

Capitalised development	5 years
Licences	10 years
Software	4 years

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### l) Foreign currency translation

##### Functional and presentation currency

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 parent entity's functional currency.

##### Group companies

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

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period
- 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 with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

#### m) Employee leave benefits

##### (i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### (ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### n) 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 assets 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.

#### o) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015****NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

equivalents as defined above, net of outstanding bank overdrafts.

p) **Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*(i) Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

*(ii) Rendering of services*

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

*(iii) Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

q) **Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

r) **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.

s) **Borrowing costs**

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

t) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### u) **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

#### v) **New and Amended Accounting Policies Adopted by the Group**

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2014:

##### *Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127*

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under AASB 10.

##### *AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements.

##### *Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132*

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

##### *AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated any of its derivatives during the current or prior periods.

##### *Interpretation 21 Accounting for Levies*

Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers the payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. This interpretation has



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

no impact on the Group as it has applied the recognition principles under AASB 137 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of AASB Interpretation 21 in prior years.

#### *AASB 2014-1 Amendments to Australian Accounting Standards*

The adoption AASB 2014-1 has required additional disclosures in our segment note. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

*New standards and interpretations not yet adopted.* A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early and the directors anticipate that adoption will not have a material impact on the Group's financ.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments' - and associated Amending Standards	1 January 2018	30 June 2018
AASB 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2017

#### **Impairment of non-current assets**

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### w) **Interest-bearing loans and 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.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

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.

#### x) **Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

#### y) **Parent entity financial information**

The financial information for the parent entity, Holista CollTech Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

##### *(i) Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Holista CollTech Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

##### *(ii) Share-based payments*

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 3: REVENUE AND EXPENSES

	2015 \$	2014 \$
<b>(a) Revenue</b>		
<i>Sales revenue</i>		
Sale of goods	6,771,672	6,178,404
Bank interest receivable	17,281	49,410
	<u>6,788,953</u>	<u>6,227,814</u>
<b>(b) Other income</b>		
Other Profit on disposal of property, plant and equipment	833	18,442
Proceeds on legal settlement	-	26,875
Rebates	-	352
Rental income	62,722	-
Research and development tax offset	288,528	395,523
Other income	80	-
	<u>352,163</u>	<u>441,192</u>
<b>(c) Expenses</b>		
Net (decrease)/ increase in inventories	(287,788)	72,934
Raw materials and consumables used during production	2,616,483	2,043,635
	<u>358,975</u>	<u>359,227</u>
Distribution costs	358,975	359,227
Advertising and promotion	582,360	595,185
Other expenses	239,092	337,765
Collie factory maintenance costs	131,390	121,800
Research - current year expense (i)	137,182	233,148
Consultancy & professional services	547,766	506,812
Audit fees (note 24)	68,697	125,804
Operating lease rental expense	78,452	65,151
	<u>2,143,914</u>	<u>2,344,892</u>

(i) Under an exclusivity arrangement with Quick Service Holding Pty Ltd (QSRH) and an agreement to jointly share research and development costs up to \$200,000, a recoupment of expenses from QSRH of \$56,900 during the 2014 financial year is included here.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 4: INCOME TAX (continued)

	2015 \$	2014 \$
<b>Income tax recognised in profit or loss</b>		
The major components of tax expense are:		
Current tax	150,756	17,383
Deferred tax benefit recognised	-	(36,802)
Total tax benefit	<u>150,756</u>	<u>(19,419)</u>
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting profit/ (loss) before tax from continuing operations	<u>107,771</u>	<u>(3,393,150)</u>
Income tax expense calculated at 30%	32,331	(1,017,945)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Utilisation of previously unrecognised tax losses	(41,291)	-
Current year tax losses not recognised	-	465,306
Profit attributable to foreign subsidiaries	(265,052)	(160,430)
Research and development tax offset exempted from tax	(86,558)	(118,657)
Foreign tax losses not recognised	88,239	95,263
Non-deductible expenditure	258,650	734,486
Foreign income tax payable	150,756	(19,419)
Timing differences	13,681	1,976
Income tax (expense)/ benefit reported in the consolidated statement of comprehensive income	<u>150,756</u>	<u>(19,419)</u>
<b>Current</b>		
Income tax payable in Malaysia	<u>150,756</u>	-
<b>Non-current</b>		
Deferred tax assets	<u>826</u>	-
Deferred tax liabilities	-	<u>36,802</u>
<b>Unrecognised deferred tax balances</b>		
<i>Deferred Tax Assets</i>		
Tax losses	955,007	996,297
Tax losses attributable to foreign subsidiaries	1,172,678	1,181,320
Total deferred tax assets not brought to account	<u>2,127,685</u>	<u>2,177,617</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 4: INCOME TAX (continued)

The tax rates used in the above reconciliations is the corporate tax rate of 30% 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 tax payable relates to the Malaysian corporate entities, where the current corporate tax rate is 25%. 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.

The parent entity has accumulated tax losses of \$3,183,355 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 \$7,938,150 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

### NOTE 5: SEGMENT REPORTING

#### General Information

#### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

#### Types of products and services by segment

##### (i) *Healthy Food ingredients and Food supplements*

The segment organises contract manufacturing and wholesale of food ingredients and supplements throughout Malaysia. All products produced are aggregated as one reportable segment as the products are similar in nature, manufactured and distributed to a similar type of customers, and subject to a similar regulatory environment.

##### (ii) *Sheep collagen*

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

##### (iii) *Corporate*

This segment supports operating segments (i) and (ii).

#### Basis of accounting for purposes of reporting by operating segments

##### (a) **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

##### (b) **Intersegment transactions**

The three segments operate independently and there are no intersegment sales.

##### (c) **Segment assets**

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

##### (d) **Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 5: SEGMENT REPORTING (continued)

#### (e) Segment Information

##### (i) Segment performance

	Supplements	Sheep Collagen	Food Ingredients	Corporate	Total
	\$	\$	\$	\$	\$
<b>30 June 2015</b>					
<b>REVENUE</b>					
External sales	6,583,957	187,715	-	-	6,771,672
Interest revenue	-	-	-	17,281	17,281
<b>Total segment revenue</b>	<u>6,583,957</u>	<u>187,715</u>	<u>-</u>	<u>17,281</u>	<u>6,788,953</u>
Reconciliation of segment revenue to group revenue					
Total Group revenue					<u>6,788,953</u>
<b>Segment net loss from continuing operations before tax</b>	<u>1,610,522</u>	<u>(387,459)</u>	<u>(10,797)</u>	<u>(1,104,495)</u>	<u>107,771</u>
<b>Net profit before tax from continuing operations</b>					<u>107,771</u>
<b>30 June 2014</b>					
<b>REVENUE</b>					
External sales	6,063,334	115,070	-	-	6,178,404
Interest revenue	-	-	-	49,410	49,410
<b>Total segment revenue</b>	<u>6,063,334</u>	<u>115,070</u>	<u>-</u>	<u>49,410</u>	<u>6,227,814</u>
Total Group revenue					<u>6,227,814</u>
<b>Segment net loss from continuing operations before tax</b>	<u>1,410,703</u>	<u>(1,314,726)</u>	<u>(28,868)</u>	<u>(3,440,840)</u>	<u>(3,373,731)</u>
<b>Net loss before tax from continuing operations</b>					<u>(3,373,731)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 5: SEGMENT REPORTING (continued)**

*(ii) Segment assets*

	Supplements	Sheep Collagen	Food Ingredient	Total
	\$	\$	\$	\$
<b>30 June 2015</b>				
Segment assets	5,258,806	3,063,781	1,133	8,323,720
Reconciliation of segment assets to Group assets:				
Intersegment eliminations				(3,342,429)
<b>Total Group assets</b>				<b><u>4,981,291</u></b>
<b>30 June 2014</b>				
<b>Segment assets</b>	4,720,993	3,086,399	3,638	7,811,030
Reconciliation of segment assets to Group assets				
Intersegment eliminations				(2,567,449)
<b>Total Group assets</b>				<b><u>5,243,581</u></b>

*(iii) Segment liabilities*

	Supplements	Sheep Collagen	Food Ingredients	Total
	\$	\$	\$	\$
<b>30 June 2015</b>				
<b>Segment liabilities</b>	2,071,739	1,172,251	741,582	3,985,572
Reconciliation of segment liabilities to Group liabilities:				
Intersegment eliminations				(1,295,485)
<b>Total Group liabilities</b>				<b><u>2,690,087</u></b>
<b>30 June 2014</b>				
<b>Segment liabilities</b>	2,379,280	1,540,819	349,644	4,269,743
Reconciliation of segment liabilities to Group liabilities:				
Intersegment eliminations				(555,554)
<b>Total Group liabilities</b>				<b><u>3,714,189</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 5: SEGMENT REPORTING (continued)

#### (iv) Revenue by geographical region

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

	30 June 2015	30 June 2014
	\$	\$
Australia	187,715	115,070
Malaysia	6,583,957	6,063,334
<b>Total revenue</b>	<b>6,771,672</b>	<b>6,178,404</b>

#### (v) Assets by geographical region

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

Australia	367,313	783,497
Malaysia	4,612,846	4,456,401
United States	1,132	3,683
<b>Total assets</b>	<b>4,981,291</b>	<b>5,243,581</b>

#### (vi) Major customers

The Group has a number of customers to whom it provides both products and services. Within the Food Ingredients and Supplement segment, the Group supplies to a number of retailers through one single external distributor who accounts for 75% of total revenue for this segment. The Group supplies to a few external customers for the Sheep Collagen segment, where the major customer accounts for 97% of revenue for this segment.

### NOTE 6: EARNINGS PER SHARE

	2015	2014
	Cents per share	Cents per share
Basic profit/ (loss) per share:		
Continuing operations	0.02	(2.41)
Total basic profit/ (loss) per share	0.02	(2.41)
Net profit/ (loss)	33,488	(3,280,822)
Diluted profit/ (loss) per share	0.02	(2.41)
Profit/ (loss) from continuing operations	33,488	(3,280,822)
Weighted average number of shares	151,036,656	135,868,121
Effect of dilution	-	-
Weighted average number of shares (diluted)	163,600,758	135,868,121



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 7: CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
<b>Current</b>		
Cash at bank and on hand (i)	63,605	181,060
Security deposits (ii)	434,161	1,330,588
	<u>497,766</u>	<u>1,511,648</u>

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) 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.

At 30 June 2015, the Group had available \$140,123 (2014: \$166,687) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

#### (i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	63,605	181,060
Bank overdraft	-	(185,171)
Security deposits	434,161	1,330,588
Cash and cash equivalents as per statement of cash flows	<u>497,766</u>	<u>1,326,477</u>

#### (ii) Reconciliation of (loss) for the year to net cash flows from operating activities

(Loss) for the year after tax	(42,985)	(3,373,731)
Foreign exchange in profit & loss	(5,057)	(103,380)
Depreciation	221,368	187,560
Impairment losses	-	927,287
Share based payment	-	2,172,994
Finance costs (non cash)	84,442	330,526
Write off non-controlling share capital	-	274
Impairment of intangibles	-	57,948
Net gain on disposal of property, plant & equipment	-	-
- (increase) in receivables	(556,905)	(77,573)
- (increase) in inventories	(314,982)	(51,865)
- increase/(decrease) in payables	488,744	(346,132)
- increase in prepayments	7,060	-
- increase in tax provision	114,082	-
Net cash used in operating activities	<u>(4,233)</u>	<u>(276,092)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 7: CASH AND CASH EQUIVALENTS (continued)

#### (iii) Restricted Funds

The Groups total cash assets mentioned above included restricted bank accounts as follows

- (a) Deposits held with financial institutions in Malaysia as collateral for financing facilities provided.

	2015 \$	2014 \$
<b>NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	1,743,714	1,174,568
Other receivables	38,600	50,841
	1,782,314	1,225,409

(i) the average credit period on sales of goods and rendering of services is 55 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Sales in Malaysian entities are either on a cash basis or via a distributor. The terms of payment from this distributor are 50% after net 45 days and 50% after net 65 days.

#### Aging of past due but not impaired

0 – 30 days	310,793	6,644
30 – 60 days	83,349	21,235
60 – 90 days	21,674	3,904
90 - 120 days	90,668	1,172
Total	506,484	32,955

### NOTE 9: OTHER FINANCIAL ASSETS

#### Current

Prepayments	179,612	186,673
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#### Non Current

Legal settlement proceeds due	15,148	20,501
Loan – Malaysia Pharmaceutical Society	1,123	3,084
Total	16,271	23,585

### NOTE 10: INVENTORIES

	2015 \$	2014 \$
Raw materials - at cost	403,526	361,254
Finished goods - at cost	607,156	334,446
	1,010,682	695,700

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

	Freehold land and building \$	Plant and equipment \$	Motor vehicles \$	Total \$
<b>Year ended 30 June 2015</b>				
At 1 July 2015, net of accumulated depreciation and impairment	844,759	432,400	97,684	1,374,843
Additions	-	113,142	-	113,142
Disposals	-	(1,899)	-	(1,899)
Depreciation charge for the year	(20,465)	(175,168)	(25,735)	(221,368)
Foreign currency exchange differences	35,058	1,346	4,333	40,737
At 30 June 2015, net of accumulated depreciation and impairment	859,352	369,821	76,282	1,305,455
<b>At 30 June 2015</b>				
Cost	2,491,804	1,944,208	127,136	4,563,148
Accumulated depreciation and impairment	(1,632,452)	(1,574,387)	(50,854)	(3,257,693)
Net carrying amount	859,352	369,821	76,282	1,305,455

The useful life of the assets was estimated as follows for both 2015 and 2014:

Buildings	20 years
Plant and equipment	5 to 15 years
Motor vehicles	10 years

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2015 is \$76,282 (2014: \$97,864). There were no additions during the year (2014: \$122,104) to motor vehicles held under finance leases and hire purchase contracts.

The carrying value of property, plant and equipment temporarily idle is \$ nil (2014 \$ nil). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities. Land and buildings with a carrying amount of \$859,352 (2014: \$844,759) are subject to a first charge to secure a loan from RHB Bank, Malaysia.

	Freehold land and building \$	Plant and equipment \$	Motor vehicles \$	Total \$
<b>Year ended 30 June 2014</b>				
At 1 July 2013, net of accumulated depreciation and impairment	1,875,991	500,175	-	2,376,166
Additions	-	16,796	122,104	138,900
Disposals	-	-	-	-
Impairment	(927,287)	-	-	(927,287)
Depreciation charge for the year	(78,962)	(83,787)	(24,811)	(187,560)
Foreign currency exchange differences	(24,983)	(784)	391	(25,376)
At 30 June 2014, net of accumulated depreciation and impairment	844,759	432,400	97,684	1,374,843

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 11: PROPERTY, PLANT AND EQUIPMENT (continued)

#### At 30 June 2014

Cost	2,451,790	1,925,580	122,104	4,499,474
Accumulated depreciation and impairment	(1,607,031)	(1,493,180)	(24,420)	(3,124,631)
Net carrying amount	844,759	432,400	97,684	1,374,843

#### Impairment Disclosure

##### 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 30 June 2015 (2014: \$986,519). Whilst this extraction facility has been largely inactive since its completion in 2005, the factory was reactivated in the 2014 financial year and has delivered 3,596kg (2014: 2,000kg) of orders in the 2015 financial year as received from a customer in Thailand.

The decision to impair the Collie facilities during the 2014 financial year was mainly due to the anticipation of the decline in world cosmetic collagen.

### NOTE 12: INTANGIBLE ASSETS

	Patents and licences	Total
	\$	\$
<b>Year ended 30 June 2015</b>		
Opening balance	188,921	188,921
Additions	5,319	5,319
Disposals	-	-
Amortisation charge	(8,303)	(8,303)
Impairment losses	-	-
Foreign currency exchange differences	3,253	3,253
	189,190	189,190

	Patents and licences	Total
	\$	\$
<b>Year ended 30 June 2014</b>		
Opening balance	189,219	189,219
Additions	57,662	57,662
Disposals	-	-
Amortisation charge	-	-
Impairment losses	(57,947)	(57,947)
Foreign currency exchange differences	(13)	(13)
	188,921	188,921

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 13: TRADE AND OTHER PAYABLES**

	2015 \$	2014 \$
Trade payables (i)	459,036	290,001
Non-trade creditors	667,118	347,409
	<u>1,126,154</u>	<u>637,410</u>
Other payables		
Unearned income	-	69,162
	<u>-</u>	<u>69,162</u>
(i) Trade payables are non-interest bearing and are normally settled on 30-day terms		
<b>Secured</b>		
Bank overdraft	-	185,171
Total secured borrowings	<u>-</u>	<u>185,171</u>

**NOTE 14: INTEREST-BEARING LOANS AND BORROWINGS**

Borrowings shown in the Statement of Financial Position relate to borrowings through the Malaysia Companies, National Australia Bank and convertible loan note holders are listed as follows:

	2015 \$	2014 \$
<b>Current</b>		
Bankers acceptance	273,015	627,914
Bank overdraft	-	185,171
Credit card	(316)	(280)
Financial leases	13,474	255,121
Term loans: (1)	36,372	33,097
Convertible notes (a)	450,470	-
Total Current	<u>773,015</u>	<u>1,101,023</u>

**Non-Current**

After 1 year but not later than 5 years

Term loans: (1)	166,557	151,559
Financial leases	60,895	55,797
Convertible notes (a)	-	1,209,088
	<u>227,451</u>	<u>1,416,444</u>

After 5 years

Term loans: (1)	434,480	460,998
Financial leases	14,080	29,152
	<u>448,560</u>	<u>490,150</u>
Total Non-Current	<u>676,011</u>	<u>1,906,594</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 14: INTEREST-BEARING LOANS AND BORROWINGS (continued)

The borrowings of the Group and the Company are secured by the following:-

Term loan (1):

- 1) As principal Instrument, an "all monies" Facilities Agreement stamped to the amount of facilities advanced;
- 2) First party Absolute Assignment of all rights, interest, title and benefits in and to property beneficially owned by a Subsidiary Company;
- 3) Corporate Guarantee by subsidiary company for \$823,949; and
- 4) Personal Guarantee for \$823,949 by a Director of the subsidiary company.

Bankers' Acceptance and bank overdraft:

- 5) Facility Agreement;
- 6) Pledge of fixed deposits with licensed banks (refer to note 7)
- 7) Memorandum of Deposit and letter of set off;
- 8) Corporate Guarantee by a subsidiary company; and
- 9) Joint and several guarantees from certain Directors.

The bankers acceptance and bank overdraft bear interest of 4.81% to 8.50% (2014: 4.62% to 8.16%).

The term Loan (1) is repayable over 240 monthly instalments (principal plus interest) of \$5,271 which commenced on 1 July 2008. The term loan bears interest rates ranging from 4.90% to 6.93% (2014: 4.71% to 6.66%) per annum.

### Convertible notes

The parent entity issued 1,500,000 convertible notes for \$1.5 million on 17 June 2013 to director Mr. Chan Heng Fai. The notes and any accrued interest (payable at 1% per annum) are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable on 17 June 2016. The convertible notes will be convertible in to shares at the Issue Price (\$0.08). On the 24 September 2014 1,000,000 of the notes were converted to equity.

The convertible notes are presented in the statement of financial position as follows:

	2015	2014
	\$	\$
• Face value of notes issued	500,000	1,500,000
• Unwinding of finance costs	78,031	121,590
• Other equity securities – value of conversion rights	(127,561)	(412,502)
• Non-current liability	-	1,209,088
• Current liability	450,470	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 14: INTEREST-BEARING LOANS AND BORROWINGS (continued)**

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

**Current**

Floating charge

Cash and cash equivalents	497,766	1,511,648
Inventories	1,010,682	695,700
Total assets pledged as security	1,508,448	2,207,348

**Non-Current**

First mortgage

Freehold land and buildings	859,352	844,759
Floating charge	-	-
Total non-current assets pledged as security	859,352	844,759
Total assets pledged as security	2,367,800	3,052,107

Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

Total facilities:

	2015	2014
	\$	\$
• Bank overdraft	-	329,580
• Bank loan	637,408	645,654
• Trade facilities	413,138	982,147
• Convertible notes	450,470	1,209,088
• Finance lease	88,449	340,070
	1,589,465	3,506,539

	2015	2014
	\$	\$

Facilities used at balance date

• Bank overdraft	-	185,171
• Bank loan	637,408	645,654
• Trade facilities	273,015	627,914
• Convertible notes	450,470	1,209,088
• Finance lease	88,449	340,070
	1,449,342	3,007,897

Facilities unused at balance date

• Bank overdraft	-	144,409
• Trade facilities	140,123	354,233
	140,123	498,642

Total facilities 1,589,465 3,506,539

Facilities used at balance date (1,449,342) (3,007,897)

Facilities unused at balance date 140,123 498,642

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 15: ISSUED CAPITAL

	2015 \$	2014 \$
154,001,549 Ordinary shares issued and fully paid	9,286,702	8,184,145
Convertible notes 500,000 (2014: 1,500,000)– value of conversion rights	137,501	412,502
	9,424,203	8,596,647

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 of the Company during the last two year were as follows;

Date	Details	No. of Shares	Issue Price	\$
01/07/2013	Opening balance	129,603,281		7,554,145
16/12/2013	Shares issued	11,666,667	\$0.06	700,000
	Less: costs on issue of shares			(70,000)
30/06/2014	Closing balance	141,269,948		8,184,145

Date	Details	No. of Shares	Issue Price	\$
01/07/2014	Opening balance	141,269,948		8,184,145
24/09/2014	Shares issued on conversion of convertible notes	12,731,601	\$0.08	1,102,557
30/06/2015	Closing balance	154,001,549		9,286,702

### NOTE 16: ACCUMULATED LOSSES AND RESERVES

#### Accumulated Losses

Movements in accumulated losses were as follows:

	2015 \$	2014 \$
Balance at beginning of financial year	(9,170,250)	(5,889,428)
Net profit/ (loss) for the year	33,488	(3,280,822)
Balance at end of financial year	(9,136,762)	(9,170,250)

#### Reserves

Compositions of reserves were as follows:

	2015 \$	2014 \$
Foreign currency translation reserve	(46,714)	(41,430)
Options reserve	2,242,994	2,242,994
	2,196,280	2,201,564



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 16: ACCUMULATED LOSSES AND RESERVES (continued)

#### Movements in options reserve during the last year:

	2015 \$	2014 \$
Foreign currency translation reserve (a)	(5,284)	(25,508)
Options reserve (b)	-	2,242,994
	<u>(5,284)</u>	<u>2,217,486</u>

#### Nature and purpose of reserves

##### (a) Foreign currency translation reserve

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

##### (b) Option reserve

The option reserve records items recognised as expenses on valuation of share options. There are 25,333,333 options outstanding at year end.

##### Share options

The company has previously had an employee share option scheme under which options to subscribe for the Group's shares have been granted to certain executives and other employees. No options have been issued during the year under this scheme (2014: nil).

### NOTE 17: NON-CONTROLLING INTEREST

Reconciliation of non-controlling interest in controlled entities:

	2015 \$	2014 \$
Opening balance	(98,569)	-
Share of current year loss after income tax	(76,473)	(92,909)
Share of current year translation reserve	(17,475)	(5,935)
Share capital	-	275
	<u>(192,517)</u>	<u>(98,569)</u>

### NOTE 18: FINANCIAL INSTRUMENTS

#### (a) Capital risk 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 2011.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 18: FINANCIAL INSTRUMENTS (continued)

	2015 \$	2014 \$
<b>(b) Categories of financial instruments</b>		
<b>Financial assets</b>		
Cash and cash equivalents (i)	497,766	1,511,648
Trade and other receivables	1,782,314	1,225,409
Other assets	16,271	23,585
<b>Financial liabilities (at amortised cost)</b>		
Trade and other payables	1,126,154	637,410
Borrowings (current and non-current)	1,449,026	3,007,617

(i) Cash and cash equivalents comprise restricted amounts which all have varied maturity dates within the next 12 months.

#### (c) Financial risk management objective

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

#### (d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and commodity price risk including foreign exchange forward contracts to hedge the exchange rate and commodity price risk arising on its production.

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 does not have sufficient investments that would expose it to unmanageable market risks.

#### (i) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2015 \$	2014 \$	2015 \$	2014 \$
Malaysian ringgit	2,071,738	2,379,280	3,253,872	3,086,190

#### Foreign currency sensitivity analysis

The Group is exposed to Malaysian ringgit (RM) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 18: FINANCIAL INSTRUMENTS (continued)**

	RM impact			
	Consolidated		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Profit or loss (i)	81,805	63,474	-	-
Other equity (ii)	189,153	154,558	-	-

(i) This is mainly attributable to the exposure outstanding on receivables and payables at year end in the Group

(ii) This is mainly as a result of the changes in fair value of the Australian net assets due to currency fluctuations.

**(ii) Interest rate risk management**

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

**(iii) Interest rate risk sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase by \$5,000 and decrease by \$5,000 (2014: \$5,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps.

**(e) Credit risk management**

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.

An analysis of the credit quality of trade and other receivables that are neither past due is as follows.

	2015	2014
	\$	\$
Customers with external credit rating	-	-
Other customers		
- four or more years trading history with the Group	1,276,992	1,140,253
- less than four years or more trading history with the Group	466,722	34,315
	1,743,714	1,174,568

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 18: FINANCIAL INSTRUMENTS (continued)

#### (f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, 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.

The following table details the company's and the Group's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities including interest that will be payable on these liabilities except where the Group anticipates that the cash flow will occur in a different period.

	Less than 1 Month \$	1-3 Months \$	3 months- 1 year \$	1-5 years \$	5+ years \$
<b>2015</b>					
Non-interest bearing	-	-	-	-	-
Finance lease liabilities (4.56%)	1,436	2,873	12,927	71,213	-
Variable interest rate instruments (5.45%)	195,208	77,808	-	-	-
Fixed interest rate instruments (3.18%)	8,561	16,816	526,318	388,321	147,863
	<b>205,205</b>	<b>97,496</b>	<b>539,245</b>	<b>459,534</b>	<b>147,863</b>
<b>2014</b>					
Non-interest bearing	-	-	-	-	-
Finance lease liabilities	29,853	59,705	183,254	96,548	-
Variable interest rate instruments	189,686	436,575	28,106	105,810	330,655
Fixed interest rate instruments	9,705	22,732	97,446	1,962,118	83,656
	<b>229,244</b>	<b>519,012</b>	<b>280,333</b>	<b>2,192,966</b>	<b>414,311</b>

### NOTE 19: COMMITMENTS

#### Operating lease commitments - Group as lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 7 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

The Group has a 2 year lease entered into in April 2015 for a commercial office in Malaysia. The rent for this office is \$15,633 per annum.

The Group has a 20 year lease entered into in June 2004 for a site in Collie, Western Australia. The rent for this site is \$9,742 increased by CPI per hectare per annum.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 19: COMMITMENTS (continued)

	Consolidated		Parent	
	2015 \$	2014 \$	2015 \$	2014 \$
Within one year	25,426	13,979	9,973	9,793
After one year but not more than five years	39,171	39,171	39,171	39,171
After five years	39,172	48,965	39,172	48,965
	103,769	102,115	92,486	97,929

### Finance lease and hire purchase commitments - Group as lessee

The Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2015		2014	
	<i>Minimum Lease Payments</i> \$	<i>Present value Of lease Payments</i> \$	<i>Minimum Lease Payments</i> \$	<i>Present value Of lease Payments</i> \$
Consolidated				
Within one year	17,236	17,014	272,812	257,731
After one year but not more than five years	68,944	65,676	66,216	63,077
Later than five years	14,347	14,185	30,333	29,673
Total minimum lease payments	100,527	96,875	369,360	350,481
Less amounts representing finance charges	(12,078)	-	(29,290)	-
Present value of minimum lease payments	88,449	96,875	340,070	350,481

### Capital commitments

At 30 June 2015 the Group has no capital commitments that have not otherwise been booked as a liability (2014 \$ Nil).

### NOTE 20: RELATED PARTY DISCLOSURE

#### Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 20: RELATED PARTY DISCLOSURE (continued)

The following transactions occurred with related parties

	Consolidated		Parent	
	2015	2014	2015	2014
	\$	\$	\$	\$
Transactions with iGalen Sdn Bhd . Mdm Nora Hassan is a director of the Malaysian Parent and shareholder of iGalen Sdn Bhd.				
- Sales	64,956	-	-	-
- Purchases	(36,391)	-	-	-
- Rental income	62,722	-	-	-
- Talks and seminars	(163,774)	-	-	-
- Purchase of membership package	(3,485)	-	-	-
Director fee paid to Mdm Nora Hassan	4,181	-	-	-
Legal services fee paid to Sumita K & Associates for provision of legal advice. Mrs Sumita's husband is a director of Holista CollTech Limited	8,363	8,062	-	-
Director fee paid to Mrs Sumita	12,544	12,093	-	-
	(50,882)	20,155		

The following amounts have been advanced to related parties

	Consolidated		Parent	
	2015	2014	2015	2014
	\$	\$	\$	\$
Amounts due from iGalen Sdn Bhd. Mdm Nora Hassan is a director of the Malaysian Parent and shareholder of iGalen Sdn Bhd				
	204,131	-	-	-
	204,131	-	-	-

Lite Food Inc is 74% owned by the Group with the remaining 26% being held by private shareholders including our director Mr. Chan Heng Fai.

### NOTE 21: INTEREST IN SUBSIDIARIES

Set out below are the Group's subsidiaries at 30 June 2015. The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the group. Each subsidiaries country of incorporation is also its principal place of business.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 21: INTEREST IN SUBSIDIARIES (continued)**

Name	Country of Incorporation	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2015	2014	2015	2014
Holista Biotech Sdn Bhd	Malaysia	100%	100%	-	-
Total Health Concept Sdn Bhd	Malaysia	100%	100%	-	-
Alterni (M) Sdn Bhd	Malaysia	100%	100%	-	-
Medi Botanics Sdn Bhd	Malaysia	100%	100%	-	-
Lite Food Inc	United States of America	74%	74%	26%	26%

Subsidiaries financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

**Summarised Financial Information of Subsidiaries with Material Non-controlling Interests**

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group:

Lite Food Inc

30 June 2015	30 June 2014
\$	\$

**Summarised Financial Position**

Current assets	1,133	3,683
Non-current assets	-	-
Current liabilities	(52)	(43)
Non-current liabilities	(741,531)	(349,602)
<b>Net liabilities</b>	<b>(740,450)</b>	<b>(345,962)</b>
Carrying amount of non-controlling interests	(192,517)	(98,569)

Year ended 30 June 2015	Year ended 30 June 2014
\$	\$

**Summarised Financial Performance**

Revenue	-	-
(Loss) after tax	(294,130)	(357,344)
Other comprehensive income after tax	-	-
<b>Total comprehensive income</b>	<b>(294,130)</b>	<b>(357,344)</b>
(Loss) attributable to non-controlling interests	(76,473)	(92,909)
Distributions paid to non-controlling interests	-	-

The information above is before intercompany eliminations

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 21: INTEREST IN SUBSIDIARIES (continued)

	Lite Food Inc	
	30 June 2015 \$	30 June 2014 \$
<b>Summarised Cash Flow Information</b>		
Net cash used in operating activities	(294,130)	(357,027)
Net cash from investing activities	291,580	350,386
Net cash from/(used in) financing activities	-	-
Effect of exchange rates on cash holdings in foreign currencies	-	10,324
Net decrease in cash and cash equivalents	2,550	3,683

### NOTE 22: PARENT ENTITY DISCLOSURES

Holista CollTech Limited is the ultimate Australian parent entity and ultimate parent of the Group.  
Holista CollTech Limited did not enter into any trading transactions with any related party during the year.

#### *Financial position*

	30 June 2015 \$	30 June 2014 \$
<b>Assets</b>		
Current assets	80,438	382,782
Non-current assets	2,987,839	2,712,057
Total assets	3,068,277	3,094,839
<b>Liabilities</b>		
Current liabilities	726,277	340,172
Non-current liabilities	450,470	1,209,087
Total liabilities	1,176,747	1,549,259
<b>Net Assets</b>	<b>1,891,530</b>	<b>1,545,580</b>
<b>Equity</b>		
Issued capital	7,933,129	7,105,572
Accumulated losses	(8,284,593)	(7,802,986)
Reserves	2,242,994	2,242,994
<b>Total Equity</b>	<b>1,891,530</b>	<b>1,545,580</b>

#### *Financial performance*

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
(Loss) for the year	(481,607)	(3,610,372)
Other comprehensive income	-	-
Total comprehensive (loss)	(481,607)	(3,610,372)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 22: PARENT ENTITY DISCLOSURES (continued)

The parent company has no capital commitments at 30 June 2015 (2014:Nil).

The parent company has not entered into any guarantees on behalf of subsidiary entities.

The parent company commitments are disclosed in Note 19.

### NOTE 23: EVENTS AFTER THE REPORTING PERIOD

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

### NOTE 24: AUDITOR'S REMUNERATION

	2015 \$	2014 \$
<i>Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:</i>		
An audit or review of the financial report of the entity and any other entity in the Group	-	62,447
<i>Amounts received or due and receivable by Stantons International Audit and Consulting for:</i>		
An audit or review of the financial report of the entity and any other entity in the Group	48,862	27,000
<i>Amounts received or due and receivable by Russell Bedford LC &amp; Company for</i>		
- an audit or review of the financial report of subsidiaries	21,186	36,357
Amounts received or due and receivable by auditors of group entities	<u>70,048</u>	<u>125,804</u>

### NOTE 25: DIRECTORS AND EXECUTIVES DISCLOSURES

#### (a) Details of Key Management Personnel

##### (i) Directors

Dato' Dr Rajen Manicka	Chief Executive Officer
Mr. Daniel O'Connor	Non Executive Director
Mr. Chan Heng Fai	Non Executive Director

##### (ii) Executives

Mr Kong Hon Khien	Chief Financial Officer
Mr Jay Stephenson	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to the key management personnel of the Company are as follows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 25: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

	2015 \$	2014 \$
Short-term employee benefits	466,016	428,989
Post-employment benefits	68,127	50,703
Total key management personnel compensation	<u>534,143</u>	<u>479,692</u>

#### (b) Loans to Key Management Personnel

There are no loans to directors or executives.

#### (c) Other transactions and balances with Key Management Personnel other than transactions disclosed in Note 20, the Company had the following transactions with Key Management Personnel during the year.

	Balance at beginning of year \$	Conversion during the year \$	Repayment \$	Interest charged \$	Exchange difference \$	Balance at end of year \$
Convertible notes (i)	1,515,000	(1,000,000)	-	7,350	-	522,350
Total	<u>1,515,000</u>	<u>(1,000,000)</u>	<u>-</u>	<u>7,350</u>	<u>-</u>	<u>522,350</u>

(i) The convertible note agreement was entered into with director Mr. Chan Heng Fai for a period of 3 years with interest charged at 1% per annum. The fair value of the convertible notes at 30 June 2015 was \$450,470 (2014: \$1,209,087).

### NOTE 26: SHARE BASED PAYMENTS

The company made no share based payments during the year ended 30 June 2015.

The company made the following share based payments during the year ended 30 June 2014:

#### Warrants issued

On 27 November 2013, 23,333,333 warrants were granted to interests associate non-executive director Mr Chan Heng Fai as approved by shareholders at the Annual General Meeting held on the 27 November 2013. The warrants entitle the holder to take up ordinary shares at an exercise price of \$0.06 each. The warrants are exercisable on or before 17 December 2018. The warrants have no vesting conditions, hold no voting rights and are transferable. A portion of the fair value of the warrants (\$70,000) has been treated as equity raising costs (refer note 4) with the balance being expensed.

#### i) Fair value of warrants

The fair value of the warrants granted during the year to Mr Chan Heng Fai was \$0.09. This value has been calculated using the Black-Scholes option pricing model applying the following inputs;

Market price of shares:	\$0.12
Estimated share price volatility:	81.06%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 26: SHARE BASED PAYMENTS (continued)

Risk-free interest rate: 3.36%

Options issued

On 11 June 2014, 2,000,000 options were granted to a patent consultant as approved by the board of directors. The options entitle the holder to take up ordinary shares at an exercise price of \$0.10 each. The options are exercisable on or before 1 August 2017. The options have no vesting conditions, hold no voting rights and are transferable.

#### i) Fair value of options

The fair value of the options granted during the year to the patent consultant was \$0.0046. This value has been calculated using the Black-Scholes option pricing model applying the following inputs;

Market price of shares: \$0.045

Estimated share price volatility: 50.58%

Risk-free interest rate: 2.72%

### Reconciliation of outstanding share options

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	Number of options 2015	WAEP 2015	Number of options 2014	WAEP 2014
Outstanding at 1 July	25,333,333	\$0.06	-	-
Granted during the year	-	-	25,333,333	\$0.06
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
<b>Outstanding at 30 June</b>	<b>25,333,333</b>	<b>\$0.06</b>	<b>25,333,333</b>	<b>\$0.06</b>
Exercisable at 30 June	25,333,333	\$0.06	25,333,333	\$0.06

The options outstanding at 30 June 2015 have an exercise price in the range of \$0.06 to \$0.10 (2014: \$0.06) and weighted average remaining contractual life of 3 years (2014: 4 years). The weighted average share price at the date of exercise for share options exercised in 2015 was nil as no options were exercised (2014: nil).

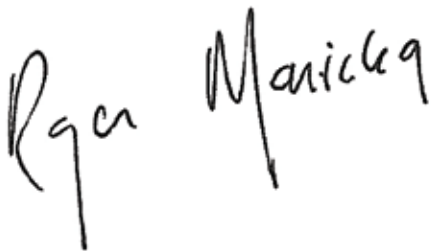
### NOTE 27: CONTINGENT LIABILITIES

The Company has no contingent liabilities at 30 June 2015.

## DIRECTORS' DECLARATION

1. In the opinion of the directors of Holista CollTech Limited (the 'Company'):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
    - iii. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001
  - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

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



---

Dato' Dr Rajen Manicka  
Director

Dated this 28 day of September 2015

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 Financial Report

We have audited the accompanying financial report of Holista CollTech Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with 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 is free from material misstatement, whether due to fraud or error. In note 2 a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's 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.

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

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial report of Holiata CollTech Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2 a).

*Emphasis of Matter Regarding Going Concern*

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

As referred to in Note 2 d) to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2015 the consolidated entity had cash and cash equivalents totalling \$497,766 (including restricted cash of \$434,161), working capital of \$1,456,298 and has incurred a profit before tax for the year of \$107,771. The ability of the Company and consolidated entity to continue as going concerns is subject to the future profitability of the Company and consolidated entity. In the event that the consolidated entity is not successful in maintaining profitability, the Company and its subsidiaries may not be able to meet their liabilities as and when they fall due and the realisable value of the Company's and its subsidiaries assets may be significantly less than book values.

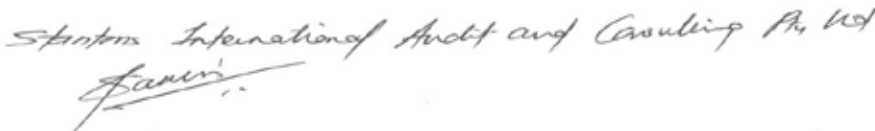
**Report on the Remuneration Report**

We have audited the remuneration report included in pages 16 to 23 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

*Auditor's opinion*

In our opinion the remuneration report of Holiata CollTech Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

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



**Samir Tirodkar**  
Director  
West Perth, Western Australia  
28 September 2015

## Additional Information for Listed Public Companies

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited.  
The information is current as at 31 August 2015.

### 1. Shareholdings

#### a) Substantial shareholders of Holista CollTech Limited:

Name of shareholder	Shares held
Dato' Dr Rajen Manicka	73,914,400
Mr Chan Heng Fai	20,898,268
Franjack Pty Ltd + Aurjoe Pty Ltd	6,726,665

#### b) Distribution of equity – Listed securities:

Size of holding	Number of Shareholders
1 – 1,000	233
1,001 – 5,000	234
5,001 – 10,000	105
10,001 – 100,000	164
100,001 – and over	52
	788

At the date of this report there were 413 shareholders who held less than a marketable parcel of shares holding 497,363 shares.

## Additional Information for Listed Public Companies

### c) 20 Largest Shareholders – Ordinary Shares:

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
DR. RAJENDRAN MARNICKAVASAGAR	73,914,400	48.00
HENGFAI BUSINESS DEVELOPMENT PTE LTD	20,898,268	13.57
FRANJACK PTY LTD + AURJOE PTY LTD	6,726,665	4.37
MS SARINDERJIT KAUR	6,625,000	4.30
DR FATHIL MOHAMED	4,311,274	2.80
FAIRVIEW HOLDINGS PTY LTD	4,029,564	2.62
MR CHEOK HUAT AW	4,000,000	2.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,440,873	2.23
CHANDRA SEKARAN P PERUMAL	3,333,333	2.16
MR RAVINDRAN GOVINDAN	2,061,119	1.34
MR KOK WAH ONG	1,817,746	1.18
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,760,000	1.14
THANK KEATING PTY LTD	1,300,000	0.84
FAIRVIEW HOLDINGS PTY LTD	1,085,436	0.70
UOB KAY HIAN PRIVATE LIMITED	793,181	0.52
BAKERSFIELD HOLDINGS PTY LTD	786,666	0.51
MRS SHIVANI KAMALANATHAN	738,089	0.48
RHB SECURITIES SINGAPORE PTE LTD	711,666	0.46
IRSS NOMINEES (21) LIMITED	660,000	0.43
LIFESCIENCE SECURITIES LTD	600,000	0.39
	<b>139,593,280</b>	<b>90.64</b>

### d) Stock Exchange Listing

Listed securities in Holista CollTech Limited (HCT) are quoted on all member exchanges of the Australian Securities Exchange.



# HOLISTA COLLTECH

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