

Appendix 4E

PRELIMINARY FINAL REPORT 12 MONTHS ENDED 30 JUNE 2016

Details of the reporting period and the previous corresponding period

Name of entity

Holista CollTech Limited

ABN	Reporting period	Previous corresponding period
24 094 515 992	12 months ended 30/06/16	12 months ended 30/06/15

Results for announcement to the market

Revenues from continuing activities	Decrease	7.4%	to	\$6,285,543
Loss from ordinary activities after tax attributable to owners of the parent	Increase	1,318%	to	(\$407,930)
Total comprehensive loss for the year attributable to owners of the parent	Increase	2,033%	to	(\$545,208)
Dividends	Amount per security		Franked amount per security	
Interim dividend	Nil		Nil	Nil
Final Dividend	Nil		Nil	Nil
Record date for determining entitlements to the dividend	N/A			
Revenue decreased by 7.4% as compared to previous year.				
Loss from ordinary activities after tax attributable to owners of parent has increased by 1,318%.				
Total comprehensive loss for the year attributable to owners of the parent has increased by 2,033%.				

REVIEW OF OPERATIONS

Your directors are pleased to present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial period ended 30 June 2016.

Principal Activities

The principal activities of the entities within the consolidated Group, which remain unchanged during the year, involve the production and sale of ingredients for foods and cosmetics as well as food supplements. In addition, the Group was also involved in the following activities:

- Marketing Panatura®GI (GI reducer for white bread)
- Upgrading the collagen plant in Perth to produce food-grade sheep collagen

Its subsidiaries in Malaysia are principally engaged in importing, exporting, branding, trading, marketing, retailing and wholesaling of Dietary Supplements and ingredients.

Review of Operations

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

- Dietary Supplements
- Healthy Food Ingredients (including Panatura®GI) Sheep Collagen (Ovine)

Dietary Supplements

This remains the Group's main income contributor during the year.

Revenue from dietary supplements has decreased by 9% as compared to previous year due to challenging market conditions faced by its subsidiaries Total Health Concept, Alterni and Medi Botanics in Malaysia.

In response to this, the Group has implemented initiatives to increase its presence in the dietary supplement market. The Company has successfully launched two (2) new products in Malaysia, which it believes to meet market needs. The products are: PRISTIN MOPL and GINSENG

The Company has generated a new source of revenue by supplying raw materials to Multi-Level Marketing companies. The Group will continue to source for more new potential products for the coming year.

Healthy Food Ingredients

The Group's key focuses are:

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

The Group made significant progress with its low-GI formula. On January 12, 2016, we announced our scientific breakthrough in achieving the world's first low-GI white bread in partnership with Veripan Ingredients AG ("Veripan"), the largest independent bakery supplier based in Europe. This generated significant Malaysian and international media coverage, including Bloomberg and Australia's Today Tonight on Channel 7, as well as significant investor interest.

We have since signed four (4) non-disclosure agreements with leading bread makers in the Asia Pacific region. Major launches are expected with these brands in the first quarter of 2017.

We are now also in co-development work with Veripan to improve the product offering and profit margins.

Having achieved significant progress with our GI Reducer, we will now go forward with a focus on low-GI sugar and low-sodium salt.

Joint Venture with Nadja Foods LLC

Subsequently, to the financial year end, our U.S. subsidiary Litefood Inc. (“Litefood”) formed a 51-49 joint venture company, Holista Foods, with Nadja Foods LLC, to distribute our low-GI product in North America.

Holista Foods, which has food manufacturing operations in the U.S. and Canada, is run by Nadja Piatka as CEO. An industry veteran for more than 23 years, Nadja Piatka heads Nadja Foods which supplies healthy snacks and desserts to the food service industry, restaurant chains and retail stores under private label and brand products. Customers have included: Subway Restaurants®, McDonald’s®, Sodexo®, Wegmans®, Price Copper, Tops, and more. She made her name with low-fat muffins which has been an ever stay on the McDonald’s Canada menu for 23 years. Nadja Piatka is very media-savvy and has appeared on The Oprah Winfrey Show. (<https://www.youtube.com/watch?v=rczuqy0Yygo>)

Holista Foods is also in discussions with Veripan to exclusively distribute Panatura®, the No. 1 selling sourdough in Europe, in North America.

North America is well known to be the home of fast-food chains and entering this market will present opportunity for the Group to generate income from this area in the near future. (www.holistafoods.com).

Sheep (Ovine) Collagen

This area of business registered growth of 70.1%, during the financial year, propelled by the delivery of 6,143kg of collagen compared with 3,596kg in the previous reporting period.

While the Company continues to seek new potential customers for cosmetic collagen in the Asia Pacific region, it continues to spend on research and development of its food grade collagen formulation focusing on yield and quality. Food grade collagen has big potential. According to the biotechnology market research group, Meticulous Research of UK, the global collagen market is expected to grow at a compounded annual growth rate of 6.3% from 2015 to reach a market size of US\$3.97 billion by 2020. Growth rates in Asia, particularly in China, are even faster.

The growing trend towards increased protein consumption of the general population drives the collagen market as collagen offers a balanced amino acid profile. Collagen is also a big part of Traditional Chinese Medicine.

The potential of our food grade collagen is huge as it is the only mammalian collagen in the market which is Halal-certified by the Islamic Association of Katanning. This makes it neutral to major religious groups and cultures. Our collagen product also leverages on being “Australian-sourced”. Australia is the only country certified by the United States Department of Agriculture (USDA) to have sheep that are disease-free. The Company has produced small-size samples during this financial period and started investing in essential equipment for the commercialization of a new range of food-grade collagen.

Food grade collagens samples are expected to be ready in October 2016 and ready for commercial sale in January 2017. The Company is also working with a European research and development partner, Palma Biosciences, to develop variants of highly absorbed collagen for food and cosmetic applications with liposome technology.

Operating results for the year

The Group’s revenue declined 8% to \$6,263,671 versus \$6,771,672, mainly derived from Dietary Supplements. The Group recorded a loss from ordinary activities after tax attributable to owners of the parent of \$545,208. The weaker performance was due, amongst others, to the strengthening of the US Dollar against the Australian Dollar and Malaysian Ringgit.

For the past three (3) years, revenue generated from our cosmetic-grade sheep collagen has been growing consistently with sales recorded at \$302,359 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 in the world.

The Group believes that its food grade collagen is expected to contribute better revenue as compared to its existing cosmetic-based collagen.

From scientific studies, the recommended minimum dosage for food grade collagen is 5 grams a day (equivalent to 150 grams a month compared to 1 gram of cosmetic collagen per bottle). Food Grade Collagen offers significantly greater opportunity.

Based on the above, the Group is optimistic that its new Food Grade Collagen will be ready for commercialization in the near future once the required equipment is commissioned in its plant in Collie, Australia in November 2016.

The Group's dietary supplements business is targeted to continue growing in the coming financial year with the launch of new products. The positive development of both the Healthy Food Ingredients in the U.S. and Food Grade Collagen in Australia are expected to contribute positively to the Group in this coming financial year.

Future Plans

The biggest opportunity in the next six (6) months is the low-GI patent applications in bakeries. This is an enormous market of US\$170 billion where we have a sustainable competitive edge as the "world's clean label low-GI white bread". This was described as "the holy grail of bread" by Professor Jeanie Brand Miller of the University of Sydney in her interview on Australia's Channel 7 on 25th February 2016.

Six (6) major global bread players from Europe and Asia Pacific have signed non-disclosure agreements with the Group to incorporate Panatura®GI. This is expected to take off on the first quarter of 2017.

We are looking at bakery applications apart from bread. This includes muffins, bagels, croutons, biscuits, crackers and soon, noodles. As a next stage, we are developing products for the diabetic market. Following this, we want to develop products for making breads at home.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Revenue from continuing operations	6,285,543	6,788,953
Other income	484,038	352,163
Change in inventories of finished goods and work in progress	62,184	287,788
Raw materials and consumables used	(2,710,339)	(2,616,483)
Employee benefits expense	(2,301,194)	(2,180,081)
Depreciation and amortisation expenses	(209,718)	(221,368)
Finance costs	(116,484)	(159,287)
Other expenses	(2,029,244)	(2,143,914)
Profit/(Loss) before income tax expense	(535,214)	107,771
Income tax benefit/(expense)	126,843	(150,756)
(Loss) after tax from continuing operations	(408,371)	(42,985)
Loss for the year	(408,371)	(42,985)
Other comprehensive income		
Exchange differences on translation of foreign operations	(143,854)	(22,759)
Total comprehensive loss for the year	(552,225)	(65,744)
Profit/(loss) attributable to :-		
Owners of the parent	(407,930)	33,488
Non-controlling interest	(441)	(76,473)
	(408,371)	(42,985)
Total comprehensive profit/(loss) attributable to :-		
Owners of the parent	(545,208)	28,204
Non-controlling interest	(7,017)	(93,948)
	(552,225)	(65,744)
Basic profit/(loss) per share (cents per share)	(0.26)	0.02
Diluted profit/(loss) per share (cents per share)	(0.26)	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	2016	2015
	\$	\$
Current Assets		
Cash and cash equivalents	348,434	63,605
Trade and other receivables	1,363,220	1,782,314
Inventories	1,021,325	1,010,682
Other current assets	961,677	613,773
Total Current Assets	3,694,656	3,470,374
Non-Current Assets		
Property, plant and equipment	1,069,574	1,305,455
Intangible assets	75,728	189,190
Other financial assets	259,759	16,271
Deferred tax asset	141,381	-
Total Non-Current Assets	1,546,442	1,510,916
Total Assets	5,241,098	4,981,291
Current Liabilities		
Trade and other payables	1,272,059	1,126,154
Borrowings	305,611	773,015
Deferred tax liability	-	826
Current tax liability	50,119	114,081
Total Current Liabilities	1,627,789	2,014,076
Non-Current Liabilities		
Borrowings	605,283	676,011
Total Non-Current Liabilities	605,283	676,011
Total Liabilities	2,233,072	2,690,087
Net Assets	3,008,026	2,291,204
Equity		
Issued capital	10,670,515	9,424,203
Reserves	2,081,737	2,196,280
(Accumulated losses)	(9,544,692)	(9,136,762)
Total parent entity interest	3,207,560	2,483,721
Non-controlling interest	(199,534)	(192,517)
Total Equity	3,008,026	2,291,204

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Issued Capital	Compound Financial Instrument	Accumulated Losses	Option Reserve	Foreign Currency Translation	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balances as at 1 July 2014	8,184,145	412,502	(9,170,250)	2,242,994	(41,430)	(98,569)	1,529,392
(Loss) for the year	-	-	33,488	-	-	(76,473)	(42,985)
Exchange differences arising on translation of foreign operations	-	-	-	-	(5,284)	(17,475)	(22,759)
Total comprehensive loss for the year	-	-	33,488	-	(5,284)	(93,948)	(65,744)
Shares issued during one year	1,102,557	(275,001)	-	-	-	-	827,556
Balance as at 30 June 2015	9,286,702	137,501	(9,136,762)	2,242,994	(46,714)	(192,517)	2,291,204
Balance as at 1 July 2015	9,286,702	137,501	(9,136,762)	2,242,994	(46,714)	(192,517)	2,291,204
Profit/(loss) for the year	-	-	(407,930)	-	-	(441)	(408,371)
Exchange differences arising on translation of foreign operations	-	-	-	-	(137,279)	(6,576)	(143,855)
Total comprehensive profit/(Loss) for the year	-	-	(407,930)	-	(137,279)	(7,017)	(552,225)
Shares issued during the year	1,414,235	(137,501)	-	-	-	-	1,276,734
Equity raising costs	(30,422)	-	-	22,737	-	-	(7,685)
Balance as at 30 June 2016	10,670,515	-	(9,544,692)	2,265,731	(183,993)	(199,534)	3,008,027

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	6,844,165	5,704,848
Payments to suppliers and employees	(6,760,418)	(6,027,297)
Interest received	21,872	17,281
Finance costs	(9,255)	(5,907)
Net income tax received	298,380	306,842
Net cash provided by/ (used in) operating activities	394,744	(4,233)
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	33	1,700
Purchase of intellectual property	(93,877)	(5,319)
Purchase of property, plant and equipment	(264,288)	(113,142)
Purchase of other investment	(251,064)	-
Net cash provided by/ (used in) investing activities	(609,196)	(116,761)
Cash flows from financing activities		
Repayment of borrowings	(84,340)	(699,525)
Proceeds from issue of shares	769,050	-
Withdrawal of fixed deposits	5,413	654,591
Net cash provided by/ (used in) financing activities	690,123	(44,934)
Net (decrease)/ increase in cash and cash equivalents	475,671	(165,929)
Cash and cash equivalents at beginning of year	63,604	237,725
Effect of exchange rate fluctuations on cash held	(190,841)	(8,193)
Cash and cash equivalents at end of year	348,434	63,604

Reconciliation to 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	348,434	63,604
Cash and cash equivalents as per statement of cash flows	348,434	63,604

NOTES

1 BASIS OF PREPARATION

The preliminary final report of Holista CollTech Limited for the year ended 30 June 2016 does not include all notes and other disclosures of the type normally included within the annual financial report and therefore does not provide a full understanding of the financial performance, financial position and cash flow of the company as the full financial report.

(a) Basis of accounting

This preliminary final report is a general purpose financial report, which has been prepared in accordance with the measurement and recognition requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. As noted above, this preliminary report does not contain all disclosures required by Australian Accounting Standards.

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

Unless otherwise detailed in this note, accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2015 annual report.

2 REVENUE

	2016	2015
	\$	\$
Operating activities		
Sale of goods	6,263,671	6,771,672
Interest received on deposits	21,872	17,281
	<u>6,285,543</u>	<u>6,788,953</u>

3 FINANCIAL RESULTS

The group recorded net loss after tax from continuing operations of \$408,371 for the year ended 30 June 2016 compared to a net loss of \$42,985 for the year ended 30 June 2015. The significant losses during the financial year are mainly due to challenging market conditions faced by its subsidiaries in Malaysia.

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

Reconciliation of (loss) for the year to net cash flows operating activities:	2016	2015
	\$	\$
(loss) for the year after tax	(408,371)	(42,985)
Adjustments for non-cash items:		
Foreign exchange in profit & loss	5,550	(5,057)
Depreciation	209,718	221,368
Finance costs (non cash)	61,521	84,442
Decrease / (Increase) in receivables	431,454	(556,905)
(Increase) in inventories	(10,643)	(314,982)
Increase in payables	4,721	488,744
(Decrease) / Increase in tax provision	(110,876)	114,082
Decrease in prepayment	211,670	7,060
Net cash provided by / (used in) operating activities	394,744	(4,233)

5 DISCONTINUED OPERATIONS

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

6 DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS AND DIVIDEND PAYMENTS

Date the final dividend is payable	N/A
Record date to determine entitlements to the dividend	N/A
Has the dividend been declared	N/A

Other disclosures in relation to dividends

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

7 NET ASSET BACKING

	2016 Cents per share	2015 Cents per share
Net tangible assets per share	1.7292	1.3649

8 CONTINGENT LIABILITY

There are no known contingent liabilities.

9 SEGMENT REPORTING

General Information

Identification of reportable segments

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

Types of products and services by segment

(i) *Supplements*

This operating segment is involved in the manufacture and wholesale distribution of dietary supplements.

(ii) *Sheep collagen*

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

(ii) *Food ingredients*

This operating segment is involved in the manufacture and wholesale distribution of healthy food ingredients.

Basis of accounting for purposes of reporting by operating segments.

(a) Accounting policies adopted

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

(b) Intersegment transactions

The 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.

9 SEGMENT REPORTING (continued)

(e) Segment Information

(i) Segment performance

	Supplements	Sheep Collagen	Food Ingredients	Corporate	Total
	\$	\$	\$	\$	\$
30 June 2016					
REVENUE					
External sales	5,961,312	302,359	-	-	6,263,671
Interest revenue	-	-	-	21,872	21,872
Total segment revenue	<u>5,961,312</u>	<u>302,359</u>	<u>-</u>	<u>21,872</u>	<u>6,285,543</u>
Reconciliation of segment revenue to group revenue					
Total Group revenue					<u>6,285,543</u>
Segment net loss from continuing operations before tax	<u>751,467</u>	<u>(404,472)</u>	<u>-</u>	<u>(882,209)</u>	<u>(535,214)</u>
Net profit before tax from continuing operations					<u>(535,214)</u>
30 June 2015					
REVENUE					
External sales	6,583,957	187,715	-	-	6,771,672
Interest revenue	-	-	-	17,281	17,281
Total segment revenue	<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>
Segment net loss from continuing operations before tax	<u>1,610,522</u>	<u>(387,459)</u>	<u>(10,797)</u>	<u>(1,104,495)</u>	<u>107,771</u>

9 SEGMENT REPORTING (continued)

	Supplements	Sheep Collagen	Food Ingredient	Total
	\$	\$	\$	\$
30 June 2016				
Segment assets	5,227,613	3,533,158	897	8,761,668
Reconciliation of segment assets to Group assets:				
Intersegment eliminations				(3,520,570)
Total Group assets				<u>5,241,098</u>
30 June 2015				
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)
Total Group assets				<u>4,981,291</u>

(iii) Segment liabilities

	Supplements	Sheep Collagen	Food Ingredients	Total
	\$	\$	\$	\$
30 June 2016				
Segment liabilities	2,046,171	864,587	768,334	3,679,092
Reconciliation of segment liabilities to Group liabilities:				
Intersegment eliminations				(1,446,020)
Total Group liabilities				<u>2,233,072</u>
30 June 2015				
Segment liabilities	2,071,739	1,172,251	741,582	3,985,572
Reconciliation of segment liabilities to Group liabilities:				
Intersegment eliminations				(1,295,485)
Total Group liabilities				<u>2,690,087</u>

9 SEGMENT REPORTING (continued)

(iv) Revenue by geographical region

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

	30 June 2016	30 June 2015
	\$	\$
Australia	302,359	187,715
Malaysia	5,961,312	6,583,957
United States	-	-
Total revenue	<u>6,263,671</u>	<u>6,771,672</u>

(v) Assets by geographical region

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

Australia	768,630	367,313
Malaysia	4,471,571	4,612,846
United States	897	1,132
Total assets	<u>5,241,098</u>	<u>4,981,291</u>

(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 account for 65% 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 99.6% of revenue for this segment.

10 ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of securities	Total number	Number quoted
Ordinary securities	169,572,421	169,572,421

11 EARNINGS PER SHARE (EPS)

	2016	2015
Reconciliation of earnings to profit or loss		
Profit/(loss)	(407,930)	33,488
Earnings used to calculate basic EPS	<u>(407,930)</u>	<u>33,488</u>
Earnings used in the calculation of dilutive EPS	<u>(407,930)</u>	<u>33,488</u>
	No. of shares	No. of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>159,711,568</u>	<u>151,036,656</u>

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

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

13 ASSOCIATES AND JOINT VENTURES

The Company has no associates and joint ventures.

14 OTHER SIGNIFICANT INFORMATION

The Company does not have other significant information.

15 FOREIGN ENTITIES

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

16 AUDIT DISPUTES AND QUALIFICATIONS

There are no known audit disputes or qualifications.

17 STATEMENTS IN RELATION TO ACCOUNTS AND AUDIT

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

- | | | | |
|-------------------------------------|------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------|
| <input type="checkbox"/> | The accounts have been audited
(refer audit attached report). | <input type="checkbox"/> | The accounts have been subject
to review (refer attached review
report). |
| <input checked="" type="checkbox"/> | The accounts are in the process
of being audited or subject to
review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been
audited or reviewed. |



Sign here:
(Company Secretary)

Date: 31st August 2016

Print name: JAY STEPHENSON