

Appendix 4E

PRELIMINARY FINAL REPORT 12 MONTHS ENDED 30 JUNE 2014

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 June 2014	12 months ended 30 June 2013

Results for announcement to the market

Revenues from continuing activities	Increase	17.5%	to	\$6,178,404
Loss from ordinary activities after tax attributable to owners of the parent	Increase	92.9%	to	\$3,280,822
Net Loss for the year attributable to owners of the parent	Increase	99.3%	to	\$3,306,330
Dividends	Amount per security		Franked amount per security	
Interim dividend	Nil		Nil	
Final Dividend	Nil		Nil	
Record date for determining entitlements to the dividend	N/A			
<p>Revenue increased by 17.5% as compared to previous year.</p> <p>Loss from ordinary activities after tax attributable to members has increased by 92.7% mainly due to impairment of Collie plant (\$927,287) and recognition of warrants fair value using Black & Scholes Model (\$2,172,994).</p> <p>Net Loss for the year attributable to members has increased by 99.3% in the current year as explained above and Page 3 of this report.</p>				

REVIEW OF OPERATIONS

Your directors 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 2014.

Principal Activities

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

Review of Operations

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

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

Dietary Supplements

This remains as the Group's main income contributor during the year. Its revenue continues to grow despite challenging market condition faced by the subsidiaries in Malaysia. Market condition in Malaysia has changed during the past 12 months due to tighter financial spending caused by inflations and the systematic removal of subsidies on essential goods 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 12% as compared to last year. The company has also successfully launched five (5) new products in Malaysia to increase its market presence in the dietary supplement market. The Group will continue to source for more new potential products to be launched each year.

Prudent cost management in this dietary supplement business in Malaysia has resulted in cost reduction from \$3,414,630 to \$3,225,899 (5.5%) in the same time frame.

Sheep Collagen (Ovine)

Since the incorporation of Colltech Australia ("CAU"), cosmetic grade collagen has always been the main focus. The Company has managed to deliver 2,095kg of its cosmetic grade collagen during this reporting period.

While the company continues to seek for new potential customer in the Asia Pacific region, it continues to spend on the research and development of its food grade collagen formulation focusing on yield and quality. The Company is targeting to produce samples in large scale by the end of 2014. This will open up new opportunity for the Company's collagen business. One of its subsidiary's dietary supplements in Malaysia consumed an average of 2,500kg of food grade bovine (cow) collagen. The Group is excited of the prospect in replacing this bovine collagen with our very own patented ovine (sheep) collagen.

Healthy Food Ingredients

The Group's key focuses are:-

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

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

Litefood is 74% owned by the Group with the remaining 26% being held by private shareholders including one of our director, Mr. Chan Heng Fai.

In order to support the marketing activities of Litefood, the Group has raised \$700,000 during this reporting period by issuing 11,666,667 ordinary shares with 23,333,333 warrants (expiry on 17 December 2018). These warrants have an exercise price of \$0.06 each which will enable the Group to raise additional cash up to \$1,400,000 to finance the Group's business when required.

In June 2014, Litefood has participated in the 2014 IFT Food Expo which is held in New Orleans, USA. Litefood has managed to showcase the Group's patented Healthy Food Ingredients formulation and has attracted interest from some large organisation.

We have since started working with a concept creator in the food industry in the United States (www.foodcom.com) that has proven track record of providing solution to the biggest and reputable players among others Starbucks, Coca Cola and Dr. Atkins.

They have chosen our low GI Bread patent to penetrate the US bread industry worth USD2 billion.

Operating results for the year

The Group has recorded 17.5% increase in revenue from \$5,261,648 to \$6,178,404 mainly from the Dietary Supplements and Sheep Collagen. Loss for the year is \$3,373,731 mainly due to :-

- | | |
|--|-------------|
| • Fair Value of warrants using Black & Scholes Model | \$2,172,994 |
| • Impairment of Collie Plant | \$927,287 |
| • Marketing activities in USA | \$357,344 |

For the past two (2) financial years, revenue generated from our cosmetic grade sheep collagen has been around \$110,000 per year. This is an improvement as compared to zero revenue prior to the reverse takeover in Year 2009. This collagen is produced from our collagen extraction plant in Collie, Australia. Cosmetic collagen has been contributing steady income to the Group based on secured sales order from German giant Behn Meyer and American Corporation, Connell Bros. However, based on our prudent estimation, we do not expect any significant growth from cosmetic collagen category. Due to this the Group has decided to impair the entire cost of its Collie Plant during this reporting period.

While world cosmetic collagen is likely to decline over the years, food grade collagen is expected to grow over the years. Also, when it comes to food grade collagen, some of the benefits of the Company's ovine collagen become very 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 next 12 months. From reliable market research, the recommended minimum dosage for food grade collagen is 5gm a day (equivalent to 150gm a month). Compare this against 1gm of cosmetic collagen per bottle, Food Grade Collagen will be expected to provide the Group with much higher return in the future.

The Group's Dietary supplements business is targeted to continue its uptrend growth in the coming financial year. The positive development in both the Healthy Food Ingredients in the United States and Food Grade Collagen in Australia will be seen as the game changer for the Group in this coming financial year.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
Revenue from continuing operations	6,178,404	5,261,648
Other Income	95,079	221,463
Change in inventories of finished goods and work in progress	72,934	(35,508)
Raw Materials and consumables used	(2,043,635)	(1,796,014)
Employee benefits expense	(2,127,737)	(2,002,101)
Depreciation and amortisation expenses	(187,560)	(216,349)
Impairment	(927,287)	(724,500)
Finance costs	(330,985)	(313,903)
Share based payments	(2,172,994)	-
Other expenses	(2,344,892)	(2,314,933)
Loss before income tax expense	(3,788,673)	(1,920,197)
Income tax benefit	414,942	219,497
Loss after tax from continuing operations	(3,373,731)	(1,700,700)
Loss for the year	(3,373,731)	(1,700,700)
Other comprehensive income		
Exchange differences on translation of foreign operations	(31,443)	41,817
Total comprehensive loss for the year	(3,405,174)	(1,658,883)
Loss attributable to :-		
Owners of the parent	(3,280,822)	(1,700,700)
Non-controlling interest	(92,909)	-
	(3,373,731)	(1,700,700)
Total comprehensive loss attributable to :-		
Owners of the parent	(3,306,330)	(1,658,883)
Non-controlling interest	(98,844)	-
	(3,405,174)	(1,658,883)
Basic loss per share (cents per share)	(2.41)	(1.31)
Diluted loss per share (cents per share)	(2.41)	(1.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	2014 \$	2013 \$
Current Assets		
Cash and cash equivalents	1,511,648	3,573,991
Trade and other receivables	1,225,409	1,175,170
Inventories	695,700	617,786
Other current assets	186,673	170,842
Total Current Assets	3,619,430	5,537,789
Non-Current Assets		
Property, plant and equipment	1,374,843	2,376,167
Intangible assets	188,921	189,219
Other financial assets	23,585	3,084
Deferred Tax asset	36,802	-
Total Non-Current Assets	1,624,151	2,568,470
Total Assets	5,243,581	8,106,259
Current Liabilities		
Trade and other payables	706,293	992,266
Borrowings	1,101,302	2,628,885
Other liabilities	-	327,025
Total Current Liabilities	1,807,595	3,948,176
Non-Current Liabilities		
Borrowings	1,906,594	2,096,786
Total Non-Current Liabilities	1,906,594	2,096,786
Total Liabilities	3,714,189	6,044,962
Net Assets	1,529,392	2,061,297
Equity		
Issued capital	8,596,647	7,966,647
Option reserves	2,242,994	-
Other reserves	(41,430)	(15,922)
Retained earnings / (accumulated losses)	(9,170,250)	(5,889,428)
Total parent entity interest	1,627,961	2,061,297
Non-controlling interest	(98,569)	-
Total Equity	(1,529,392)	(2,061,297)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

EQUITY	Ordinary Shares	Compound Financial Instrument	Accumulated Losses	Option Reserve	Other Reserve	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balances as at 1 July 2012	7,554,145	-	(4,188,728)	-	(57,739)	-	3,307,678
Profit (Loss) for the year	-	-	(1,700,700)	-	-	-	(1,700,700)
Exchange differences arising on translation of foreign operations	-	-	-	-	41,817	-	41,817
Total comprehensive income for the year	-	-	(1,700,700)	-	41,817	-	(1,658,883)
Convertible notes- value of conversion rights	-	412,502	-	-	-	-	412,502
Balance as at 30 June 2013	7,554,145	412,502	(5,889,428)	-	(15,922)	-	2,061,297
Balance as at 1 July 2013	7,554,145	412,502	(5,889,428)	-	(15,922)	-	2,061,297
Profit (Loss) for the year	-	-	(3,280,822)	-	-	(92,909)	(3,373,731)
Exchange differences arising on translation of foreign operations	-	-	-	-	(25,508)	(5,935)	(31,443)
Total comprehensive income for the year	-	-	(3,280,822)	-	(25,508)	(98,844)	(3,405,174)
Non-controlling interest	-	-	-	-	-	275	275
Shares issued	700,000	-	-	-	-	-	700,000
Warrants issued	-	-	-	2,242,994	-	-	2,242,994
Equity raising cost	(70,000)	-	-	-	-	-	(70,000)
Balance as at 30 June 2014	8,184,145	412,502	(9,170,250)	2,242,994	(41,430)	(98,569)	1,529,392

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
Cash flows from operating activities		
Receipts from customers	6,110,166	5,025,291
Payments to suppliers and employees	(6,815,024)	(5,321,672)
Interest received	49,410	62,643
Finance costs	(1,872)	(313,904)
Income tax received / (paid)	381,228	219,497
Net cash (used in) operating activities	(276,092)	(328,145)
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	18,442	832,630
Purchase of intellectual property	(57,662)	(59,753)
Purchase of property, plant and equipment	(16,789)	(37,801)
Loan payments made to related parties	(283,074)	(37,105)
Net cash provided by/(used in) investing activities	(339,083)	697,971
Cash flows from financing activities		
Proceeds from borrowings	-	1,574,250
Repayment of borrowings	(1,655,778)	(364,422)
Proceeds from issue of shares	700,000	-
Net cash provided by/(used in) financing activities	(955,778)	1,209,828
Net increase in cash and cash equivalents	(1,570,953)	1,579,654
Cash and cash equivalents at beginning of period	2,864,983	1,219,955
Effect of exchange rate fluctuations on cash held	32,447	65,374
Cash and cash equivalents at end of period	1,326,477	2,864,983

Reconciliation to Statement of Cash Flows :

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

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

	2014	2013
	\$	\$
Cash and cash equivalents	422,895	1,434,504
Bank overdraft	(185,170)	(709,008)
Security deposits	1,088,752	2,139,487
Cash and cash equivalents as per statement of cash flow	<u>1,326,477</u>	<u>2,864,983</u>

Security deposits are restricted cash. In order to obtain various financing facilities, banks in Malaysia require cash to be deposited if other collateral is not available. These deposits are interest bearing and the interest is compounded and added to the principal

NOTES

1 BASIS OF PREPARATION

The preliminary final report of Holista CollTech Limited for the year ended 30 June 2014 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 2013 annual report.

2 REVENUE

	2014	2013
	\$	\$
Operating activities		
Sale of goods	6,178,404	5,199,005
Interest received on deposits	49,410	62,643
Gain on disposal of Property, Plant & Equipment	18,442	221,463
Others	27,227	-
	<u>6,273,483</u>	<u>5,483,111</u>

3 FINANCIAL RESULTS

The group recorded net loss of \$3,373,731 for the year ended 30 June 2014 compared to a net loss of \$1,700,700 for the year ended 30 June 2013 due to:

- | | |
|--|-------------|
| • Fair Value of warrants using Black & Scholes Model | \$2,172,994 |
| • Impairment of Collie Plant | \$927,287 |
| • Marketing expenses in Litefood Inc (USA) | \$357,344 |

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

Reconciliation of profit / (loss) for the year to net cash flows operating activities :	2014	2013
	\$	\$
Profit (loss) for the year after tax	(3,373,732)	(1,700,700)
Adjustments for non-cash items :		
Foreign exchange in profit or loss	(103,378)	-
Depreciation and amortisation	187,559	216,349
Impairment losses	927,287	724,500
Fair value of warrants issued	2,172,994	-
Finance costs	330,526	-
Write off Non-controlling Interest Share capital	274	-
Impairment of intangibles	57,948	-
Write-off of capitalised expenditure	-	155,906
Net gain on disposal of property, plant & equipment	-	(221,464)
-(Increase) in receivables	(77,573)	(173,714)
-(Increase) / Decrease in inventories	(51,865)	13,240
-Increase / (Decrease) payables	(346,132)	657,740
Net cash (used in) operating activities	(276,092)	(328,145)

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

	2014 Cents per share	2013 Cents per share
Net tangible assets per share	0.9866	1.2741

8 CONTINGENT LIABILITY

There are no known contingent liabilities.

9 SEGMENT REPORTING

General Information

Identification of reportable segments

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

Types of products and services by segment

(i) Food supplements

This operating segment organizes wholesale of supplements throughout Malaysia

(ii) Sheep collagen

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

(iii) Healthy Food Ingredients

This operating segment is involved in marketing of food ingredients.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

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

(b) Intersegment transactions

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

(c) Segment assets

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

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrance 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 2014					
REVENUE					
External sales	6,063,334	115,070	-	-	6,178,404
Interest revenue				27,227	27,227
Other revenue				49,410	49,410
Total segment revenue	6,063,334	115,070	-	76,637	6,255,041
Reconciliation of segment revenue to group revenue					
Total group revenue					6,255,041
Segment net profit (loss) from continuing operations before tax	1,100,767	(1,311,842)	(324,194)	(3,253,404)	(3,788,673)
Net profit (loss) before tax from continuing operations					(3,788,673)
30 June 2013					
REVENUE					
External sales	5,082,545	116,460	-	-	5,199,005
Interest revenue	-	-	-	62,643	62,643
Total segment revenue	5,082,545	116,460	-	62,643	5,261,648
Reconciliation of segment revenue to group revenue					
Total group revenue					5,261,648
Segment net profit (Loss) from continuing operations before tax	(156,845)	(615,554)	-	(1,147,798)	(1,920,197)
Net profit (Loss) before tax from continuing operations					(1,920,197)

9 SEGMENT REPORTING (continued)

	Supplements	Sheep Collagen	Food Ingredients	Total
	\$	\$	\$	\$
30 June 2014				
Segment assets	6,480,145	4,738,799	-	11,218,944
Segment asset increases for the period:				
– acquisitions	-	-	3,683	3,683
– disposals	(1,759,152)	(1,652,400)	-	(3,411,552)
Reconciliation of segment assets to group assets:				
Intersegment eliminations				(2,567,494)
Total group assets				5,243,581
30 June 2013				
Segment assets	7,089,865	3,778,614	-	10,868,479
Segment asset increases for the period:				
– acquisitions	-	960,185	-	960,185
– disposals	(609,720)	-	-	(609,720)
Reconciliation of segment assets to group assets:				
Intersegment eliminations				(3,112,686)
Total group assets				8,106,258

(iii) Segment liabilities

	Supplements	Sheep Collagen	Food Ingredients	Total
	\$	\$	\$	\$
30 June 2014				
Segment liabilities	2,379,280	1,540,819	349,644	4,269,743
Reconciliation of segment liabilities to group liabilities:				
Intersegment eliminations				(555,554)
Total group liabilities				3,714,189
30 June 2013				
Segment liabilities	4,650,888	2,455,841	-	7,106,729
Reconciliation of segment liabilities to group liabilities:				
Intersegment eliminations				(1,061,766)
Total group liabilities				6,044,963

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:

	2014	2013
	\$	\$
Australia	127,972	18,387
Malaysia	6,127,069	5,464,725
Total revenue	<u>6,255,041</u>	<u>5,483,112</u>

(v) Assets by geographical region

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

Australia	2,767,298	2,786,283
Malaysia	2,472,600	5,319,976
United States	3,683	-
Total assets	<u>5,243,581</u>	<u>8,106,259</u>

(vi) Major customers

The Group has a number of customers to whom it provides both products and services. Within Supplement segment, the Group supplies to a number of retailers through one single external distributor who account for 85% of total revenue for this segment. The Group supplies to few external customer for the Sheep Collagen segment, where the major customer accounts for 90% of revenue for this segment.

10 ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of securities	Total number	Number quoted
Ordinary securities	141,269,948	141,269,948

11 EARNINGS PER SHARE (EPS)

	2014	2013
Reconciliation of earnings to profit or loss		
Profit /(loss)	(3,280,822)	(1,700,700)
Earnings used to calculate basic EPS	<u>(3,280,822)</u>	<u>(1,700,700)</u>
Earnings used in the calculation of dilutive EPS	<u>(3,280,822)</u>	<u>(1,700,700)</u>
	No. of shares	No. of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>135,868,121</u>	<u>129,603,281</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: ...29th August 2014

Print name: Jay Stephenson