Holista Colltech Limited

ABN 24094515992

Annual Report - 31 December 2021

Holista Colltech Limited
Corporate directory
31 December 2021

Directors	Dr Rajen Manicka	Executive Chairman, Managing Director and Chief Executive Officer
	Mr Walter Edward Joseph	Non-Executive Director (appointed 28 June 2021)
	Mrs Loren King	Non-Executive Director (appointed 31 July 2021)
Company secretary	Mr Jay Stephenson (Appointed 01 September 2021)	
Registered office and Principal place of business	Australia: 283 Rokeby Road Subiaco, WA 6008 Malaysia: Unit 1201, 12th Floor, Amcorp Trade Centre, PJ Tower No. 18, Persiaran Barat 46000 Petaling Jaya, Malaysia Telephone: +603 7965 2828 Facsimile: +603 7965 2777 Email: enquiries@holistaco.com Website: www.holistaco.com	
Share register	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000 Telephone: 1300 850 505 (investors within Australia) Telephone: +61 (0)3 9415 4000 Email: web.queries@computershare.com.au Website: www.investorcentre.com	
Auditor	Stantons Level 2, 40 Kings Park Road West Perth WA 6005, Australia Telephone: +61(0)8 9481 3188 Facsimile: +61(0)8 9321 1204	
Solicitors	Edwards Mac Scovell Level 1/8 St Georges Terrace Perth WA 6005, Australia Telephone: +61(0)8 6245 0222	
Stock exchange listing	Holista Colltech Limited shares are listed on the Australian Securities Exchange (ASX code: HCT)	
Corporate Governance Statement	The Company's Corporate Governance Statement can be found on the company's website: https://www.holistaco.com/the-investors.html	
Media Enquiries	**Australia and New Zealand:** Vantage Point Partners Email: brendon@vantagepointpartners.com.au Telephone: +61 409 341 613 **Global:** WeR1 Consultants Pte Ltd 1 Raffles Pl Singapore 048616 Telephone: +65 67217161 Email: holista@wer1.net	

General information

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

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

Registered office	**Principal place of business**
283 Rokeby Road	Unit 1201, 12th Floor,
Subiaco	Amcorp Trade Centre, PJ Tower
WA 6008	No 18, Persiaran Barat,
Australia	46000 Petaling Jaya, Malaysia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 March 2022. The directors have the power to amend and reissue the financial statements.

Holista Colltech Limited
Managing Directors' report
31 December 2021

About Us

Holista Colltech's core business is to conduct research to find natural solutions so that people can live healthier lives. The company holds proprietary solutions to help food manufacturers produce healthier alternatives – without use of chemicals – that do not compromise tastes and mouth-feel. Other key products include scientific enhanced bestselling natural health supplements and disease- free ovine collagen. Building on its partnership network and expertise, Holista has also developed sanitising solutions for individual and corporate use to control pandemic infections.

Corporate Profile

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

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

Holista is the only company in the world that produces ovine collagen from disease-free Australian sheep using patented extraction methods.

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

Further, the Company also has a range of all-natural, non-toxic and effective sanitisers for consumers and industrial applications within its product portfolio.

Managing Director's Report

Dear Shareholders,

On behalf of the Board of Directors ("the Board") of Holista Colltech Limited ("Holista" or the "Group"), I am pleased to present our Annual Report and audited financial statements for the financial year ended 31 December 2021 ("FY2021").

The period under review marks a significant turnaround for the Group with full-year revenue jumping 13% to a record high of $8 million as net loss before tax improved significantly over the previous year. The pleasing result was achieved despite the ongoing negative impact from COVID-19 with three out of four of Holista's key divisions delivering growth when compared to FY2020.

A summary on the performance of each of these divisions is outlined below:

Dietary Supplements
This is our largest division and it delivered a strong performance during the year with sales increasing 18% to $6.2 million. Sales rebounded strongly from the easing in COVID-19 restrictions in Malaysia and an increase consumer focus on health and wellbeing.

Another notable achievement by this business is the successful launch of a water-soluble vitamin D supplement which provides an easy and effective way for consumers to boost levels of this important vitamin in their body.

Holista's vitamin and health supplement brands are market leaders in Malaysia and the rebound in sales from this business is likely to continue this year following what can only be described as a challenging FY2021 for the division due to strict social restrictions to control the pandemic.

Healthy Food Ingredients
Holista's Healthy Food Ingredients business division was another standout as sales lifted by 33% to $1.4 million in 2021. The result was driven by increased orders for Holista's proprietary GI Lite™ and 80Less™ products from several international customers, including community marketing group HWH International and US-based Costanzo's Bakery, Inc.

Costanzo's uses Holista's proprietary GI-Lite™ Bread Pre-mix for a dedicated range of low-Glycemic Index (GI) bread products, which is stocked at supermarkets in North America. The uplift in revenue from this business was also driven by larger orders for 80Less™ healthy sugar substitute from drinks manufacturer and Malaysia stock exchange-listed Rex Industry Berhad.

We believe the best is yet to come for this division following the signing of a collaboration term sheet with Country Farms Sdn Bhd – a subsidiary of Malaysian conglomerate Berjaya Corporation Berhad. Country Farms is partnering with Holista to develop healthier food options using the Group's all-natural food ingredients and supplements. These healthier foods could potentially be sold through Malaysian franchises owned by Berjaya, including Starbucks, 7-Eleven and Kenny Rogers Roasters.

Ovine Collagen
The Collagen Manufacturing business division also grew strongly with sales up by 43% to $248,000 in 2021 compared to the previous corresponding period. The improvement is mainly due to increased orders from Behn Meyer in Thailand as the COVID-19 restrictions eased. Behn Meyer is a specialty supplier for a wide variety of industries across the globe. It uses Holista's unique collagen product in the manufacture of some of its cosmetics.

Holista owns a patented process to extract collagen from sheep skin from its facility in Western Australia, and Australian sheep products are highly prized due to their disease-free status.

These key advantages are the reasons behind interest from Guangzhou Sinbio Cosmetic Co Ltd, a Chinese State-Owned Enterprise (SOE), in Holista's unique offering as announced in May 2021. Sinbio is in the process of testing Holista's collagen, and if the tests are successful and once Chinese regulatory clearances are obtained, Sinbio will sign a binding five-year agreement to purchase the entire 48-ton annual production capacity of Holista's existing plant in the first year of the contract.

The order will scale up to 144 tons in year two, 288 tons in year three and 576 tons in years four and five. Holista will expand the plant to accommodate the step-up in orders from Sinbio.

Infection Control
This division is the only one to report a slide in sales. Revenue from Infection Control fell to $227,443 in FY2021 from $664,919 in the previous year due largely to supply chain and other disruptions from COVID-19

However, sales have started to recover in recent months and the launch of new products are expected to further lift the performance of this business in 2022.

Outlook

Holista is in a strong position to build on the achievements it's made in the previous financial year. We are expecting to deliver further growth in revenue and earnings as trading conditions remained positive for our four business divisions as we entered the new financial year.

For instance, the Supplements business continues to see strong demand for its supplements and vitamins in light of the ongoing easing of COVID-19 social restrictions in Malaysia. The launch of Holista's water soluble vitamin D product is also expected to contribute to growth in this business. Vitamin D is increasingly being recognised as a key nutrient for immunity and Holista will continue to leverage this opportunity in Malaysia and other countries.

The outlook for Food Ingredients is also bright following the 12th of October 2021 announcement of a term sheet collaboration agreement (the Agreement) with Country Farms, a wholly owned subsidiary of Berjaya Corporation Berhad, to customise and commercialise the Company's unique healthy food innovations for several international franchises under Berjaya's umbrella.

Country Farms has completed the final testing of a healthier version of a croissant that will be launched in 327 Starbucks stores across Malaysia in the second half of 2022, and Holista expects more food products using its technology to be announced later this year. Under the Agreement, Country Farms will be the Centre of Distribution for Holista's range of healthy food products for companies within the Berjaya group, which includes the franchises of Starbucks, 7-Eleven and Kenny Rogers Roasters, amongst others. Holista is also working a range of plant-based meats to complement the low GI range at the request of Starbucks Malaysia.

Meanwhile, the 2022 financial year could also herald an exciting period for our Ovine Collagen business. Guangzhou Sinbio Cosmetic Co Ltd is undertaking tests and securing regulatory approval to import Holista's cosmetic-grade collagen into China. As part of this process, Holista's Material Safety Data Sheet (MSDS) for bulk ovine collagen has been granted approval by Chinese Customs. This will allow Holista to ship bulk raw collagen to the country for final testing.

Finally, the Infection Control business is expected to stage a turnaround this year from improved sales of its Natshield™ sanitiser, nasal balm and wipes. The nasal balm was launched online in the 2021 December quarter and will be sold in the United States through a multi-level marketing network in the near future.

Additionally, the previously announced SARS-CoV-2 rapid test kit branded as "Gene Sign" is awaiting final approval by regulators in Colombia. Securing the approval in Colombia will also give Gene Sign corresponding approvals in Brazil, Argentina and Mexico, thanks to an arrangement between the four countries.

In North America, Gene Sign is also in the process of gaining approval under the Medical Device Single Audit Program (MDSAP) with the United States Food and Drug Administration (FDA). Separately, Gene Sign's Reverse-Transcription Loop-Mediated Isothermal Amplification (RT-LAMP) technology is undergoing final evaluation in the United Kingdom to secure COVID Testing Devices Authorisation (CTDA) that will allow it to be sold in that market.

This time last year, I wrote about the bright outlook for 2021 and our strong full year results show that we were successful in executing on our key growth strategies. This year is looking even brighter given the multiple significant opportunities ahead of us, and I look forward to bringing you further updates throughout 2022.

Best regards,

DR RAJEN MANICKA
Executive Chairman, MD and CEO

Key Milestones

Date	**Milestone**
12 October 2021	Holista signs a collaboration term sheet with Malaysian conglomerate Berjaya's Country Farms to develop healthy foods for leading franchises in the country.
16 September 2021	Natshield™ receives trademark approval for sales in China, which clears the way for Holista to sell its industrial sanitising solution in the Chinese market.
27 August 2021	Holista delivers improved interim revenue and profit
18 June 2021	Holista granted approval from Malaysian authorities to sell SARS-CoV-2 rapid test kits and secured first order for the kits.
13 May 2021	Potential deal to sell collagen product to Guangzhou Sinbio Cosmetic Co Ltd via an exclusive agreement with Mutiara.
26 February 2021	Holista posts resilient full-year revenue and a positive 2021 outlook

Holista Colltech Limited
Directors' report
31 December 2021

Your directors present their report on the consolidated entity, consisting of Holista Colltech Limited (Holista or the Company) and its controlled entities (collectively the Group), for the financial year ended 31 December 2021.

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

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

Dr Rajen Manicka	Executive Chairman, Managing Director and Chief Executive Officer
Mr Walter Edward Joseph	Non-Executive Director (appointed 28 June 2021)
Mrs Loren King	Non-Executive Director (appointed 31 July 2021)
Mr Chan Heng Fai	Non-Executive Director (resigned 28 June 2021)
Mr Blair Michelson	Non-Executive Director (resigned 28 June 2021)
Mr Daniel Joseph O'Connor	Non-Executive Chairman (resigned 31 July 2021)

Company secretary
Mr Stephenson appointed on 1 September 2021 as the Company Secretary, has been involved in business development for over 30 years including the past 25 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in IT, food, neutraceuticals, resources, manufacturing, wine, hotels, and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

Currently he is a non-executive Director of Dragon Mountain Gold Limited, and Stonehorse Energy Limited as well as Company Secretary for a number of ASX Listed resource and industrial companies and a Director of a number of private companies.

Mr Walter Edward Joseph (resigned 1 September 2021).

Mr Blair Michelson (resigned 28 June 2021).

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

Principal activities
During the financial year ended 31 December 2021 (FY2021), the Group, consisting of Holista Colltech Limited (Holista) and its controlled entities, remained focused on four core areas:

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

Operating and financial review
Group Operations Review:

Holista Colltech Limited (Holista or the Company) posted a 12.9% increase in group revenue to a record high of just over $8 million for the 12-months ended 31 December 2021 as the full year net loss before income tax expense narrowed significantly to $1.2 million from a loss of $5.6 million in the previous year. Net loss after tax also improved materially to $1.4 million versus $5.7 million in the previous year.

The improved result was achieved despite the negative impact of COVID-19 with three out of four of Holista's key divisions delivering strong growth over the previous corresponding period (pcp).

Dietary Supplements:
The Company's Dietary Supplements business division continued to be the largest income contributor to the Group. Revenue from this business jumped by 18% to $6.2 million as sales rebounded strongly from the easing of COVID-19 restrictions in Malaysia, increased consumer focus on health and wellbeing, and the launch of a new health supplement called Hydro D in Q3 FY2021.

Hydro D is a water-soluble vitamin D that has far better absorption compared to fat-soluble base and more efficient to supplement the body's immune system. Studies have also shown that deficiency in Vitamin D contributes to the causal pathway of COVID-19 mortality risk and disease severity [1].

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

[1] : https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0263069

Healthy Food Ingredients:
Holista's Healthy Food Ingredients business division increased sales by 33% to $1.4 million in FY2021. The result was driven by increased orders for Holista's GI Lite™ innovation from US-based Costanzo's Bakery, Inc. and HWH International, and increased orders for its proprietary 80Less™ healthy sugar substitute from drinks manufacturer Rex Industry Berhad.

Ovine Collagen:
The Collagen Manufacturing business division also grew strongly in the period with sales up by 43% to $248,100 in FY 2021 compared to the previous corresponding period. The improvement is primarily due to increased orders from Behn Meyer in Thailand as the COVID-19 restrictions eased.

Infection Control Solutions:
Holista's Infection Control Solutions business division achieved sales of $227,443 in FY2021 compared with $664,919 in the previous corresponding period. This is the second year that this business contributed to the Group's revenue.

Supply chain disruptions from COVID-19 contributed to a drop in revenue, although sales have begun to recover in recent months with the launch of new products, such as the nasal balm, expected to lift the performance of this business in 2022.

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

Events after the reporting period
No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial year.

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

Environmental regulation

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

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

Risk Management

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

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

Information relating to the directors

Name:	Dr Rajen Manicka
Title:	Executive Chairman, Managing Director and Chief Executive Officer Non-independent
Qualifications:	B Ph. (Hons)
Experience and expertise:	Dr Rajen Manicka began his career as an intern pharmacist at the Kuala Lumpur General Hospital from 1986 - 1987. In 1987 he spent a year as a community pharmacist. Over a period of 9 years, Dr Rajen worked for several pharmaceutical companies including Roche and CIBA Pharmaceuticals in various capacities starting as a medical representative, product manager and eventually as marketing manager. In 1995, he incorporated Total Health Concept, which was restructured into Holista Biotech Sdn Bhd in January 2004, and has been Managing Director and major shareholder from inception of this Group until its merger with Holista CollTech Limited in July 2009. He is a prominent figure in the Malaysian biotech industry, an industry which receives significant support and encouragement from the Malaysian government. Dr Rajen has been a guest lecturer in alternative medicine at the University of Malaysia, the National University of Malaysia, and the International Medical University in Malaysia. He was also a health columnist for the Sunday Times, Malaysia's second largest Sunday newspaper, and writes a monthly column on biotech and business for The Edge, Malaysia's largest business weekly. Dr Rajen Manicka is a member of the Malaysian Ministry of Health Standing Committee for Traditional Medicine and until March 2009 was on the board of Malaysian Herbal Corporation Sdn Bhd, a wholly owned subsidiary of the Malaysian Industry - Government Group for High Technology.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	85,735,272
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Mr Daniel Joseph O'Connor
Title:	Non-Executive Chairman *(Resigned 31 July 2021)* Independent
Qualifications:	B.Bus, MBA, FAICD (Dip) CPM, AIMM, MAIM, MAIeX.
Experience and expertise:	Mr O'Connor has spent more than 30 years in the commercialisation of intellectual property and has worked with R&D teams across Asia, North America, and Australia. He is a published author, mentor, coach, commercialisation consultant, and Company Director. He is the Consultant Principal of the on-line coaching and mentoring group Incubate IP. Mr O'Connor is a member of the UN Task Force on Innovation and Competitiveness and works with Corporate Leaders, inventors, and R&D team managers who need greater traction and focus with patent portfolio management and driving their commercialisation projects (www.incub8IP.com). He has been a Director of Holista for more than five years.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Mr Chan Heng Fai
Title:	Non-Executive Director *(Resigned 28 June 2021)* Independent
Qualifications:	Mr Chan has restructured over 35 companies in different industries and countries in the past 40 years.
Experience and expertise:	In 1987, Mr Chan acquired American Pacific Bank, a full-service U.S. commercial bank, out of bankruptcy. He recapitalised, refocused and grew the bank's operations. Under his guidance, American Pacific Bank became a US NASDAQ high asset quality bank, with zero loan losses for over five consecutive years before it was ultimately bought and merged into Riverview Bancorp Inc. Prior to its merger with Riverview Bancorp Inc., in June 2004, American Pacific Bank was ranked 13 by the Seattle Times "Annual Northwest's Top 100 Public Companies" for the year 2003, and ranked 6 in the Oregon state, which ranked ahead of names such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com. In 1997, Mr Chan acquired and ran a regional investment banking and securities broking-dealing business headquartered in Denver, with 12 offices throughout USA.
Other current directorships:	Mr Chan also sits on the board of Alset EHome International, Inc., Alset International Limited (formerly known as Singapore eDevelopment Limited), Document Security Systems, Inc. and OptimumBank Holdings Inc.
Former directorships (last 3 years):	None
Interests in shares:	43,626,621 Ordinary Shares
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Mr Blair Michelson
Title:	Non-Executive Director *(Resigned 28 June 2021)*
Qualifications:	N/A
Experience and expertise:	Mr Michelson has over 30 years experience as a management consultant in the areas of risk, compliance, governance and systems, and asset management across a wide range of industries in Australia and overseas. He is currently the Director/Proprietor of two boutique consultancies, Qualita International and Alpha Asset Management Systems and has previously consulted to Government, Not-For-Profit, public, and large and small private clients
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Mr Walter Edward Joseph
Title:	Non-Executive Director *(Appointed 28 June 2021)*
Qualifications:	N/A
Experience and expertise:	Mr Joseph has a long and successful track record working in senior management and consulting positions over the past five decades at several leading organisations, including the National Australian Bank, Wesfarmers-Bunnings, P&O Ports, Water Corporation of Western Australia (WA) Department of Commerce and Trade. His expertise in planning, marketing, business development and operations will be a valuable asset to Holista as the Company embarks on its next phase of growth.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Nil

Name:	Mrs Loren King
Title:	Non-Executive Director *(Appointed 31 July 2021)*
Qualifications:	Bachelor in Psychology, Fellow Member of the Governance Institute of Australia holding a Graduate Diploma of Applied Corporate Governance.
Experience and expertise:	Mr Loren King has worked in corporate finance and senior administration roles with ASX listed companies, stockbroking and corporate advisory services for the past 15 years. During this time, she gained valuable experience in dealing with all aspects of corporate governance and compliance, specialising in initial public offerings (IPO), backdoor listings, private capital raising and business development.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Nil

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

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

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr Rajen Manicka	13	13	-	-	-	-
Mr Walter Edward Joseph	7	7	-	-	-	-
Mrs Loren King	5	5	-	-	-	-
Mr Daniel Joseph O'Connor	8	8	-	-	-	-
Mr Chan Heng Fai	5	6	-	-	-	-
Mr Blair Michelson	6	6	-	-	-	-

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

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

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

Insurance premiums
During the financial year the Group has paid a premium of $50,000 (2020: $17,418) in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001 (Cth).

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

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

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

Shares issued on the exercise of performance rights
There were no ordinary shares of Holista Colltech Limited issued on the exercise of options during the year ended 31 December 2021 and up to the date of this report.

Shares under Performance Rights
There were no unissued ordinary shares of Holista Colltech Limited under performance rights outstanding at the date of this report.

Non-audit services
During the year, no fees were paid or payable for other services provided by Stantons International Audit and Consulting Pty Ltd. However, Marsden International, an affiliate of Stantons International provided tax compliance and independent expert services. Non-audit fees amounted to $5,590 (2020: $5,870).

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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

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

Remuneration report (audited)
Key management personnel (KMP)

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

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

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of KMP remuneration
- Service agreements
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

Remuneration philosophy

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

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

Remuneration committee

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

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

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

Remuneration structure

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

Non-Executive director remuneration

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

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

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

The remuneration of non-executive directors for the year ended 31 December 2021 is detailed in note 28 'Key management personnel disclosures' of this consolidated financial statement.

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

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

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

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

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

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

The fixed remuneration component of the company executives is detailed in page 17 of this remuneration report.

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

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

- *Short-term incentives*
  There was a cash bonus of $17,231 granted and paid to Rajen Manicka as short-term incentive during the financial year.
- *Long-term incentives*
  The Board has a policy of granting incentive options and performance rights to KMP with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

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

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

Engagement of Remuneration Consultants
During the financial year, the Company did not engage any remuneration consultants.

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

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

The key management personnel of the consolidated entity consisted of the following directors of Holista Colltech Limited:
- Rajen Manicka
- Daniel Joseph O’Connor (resigned 31 July 2021)
- Chan Heng Fai (resigned 28 June 2021)
- Blair Michelson (resigned 28 June 2021)
- Walter Edward Joseph (appointed 28 June 2021)
- Loren King (appointed 31 July 2021)

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Non-monetary $	Other* $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:								
Daniel Joseph O'Connor [1]	35,000	-	-	8,333	-	-	-	43,333
Chan Heng Fai	18,000	-	-	8,333	-	-	-	26,333
Blair Michelson [2]	24,000	-	-	53,333	-	-	-	77,333
Walter Joseph	24,000	-	-	8,333	-	-	-	32,333
Loren King [3]	20,000	-	-	8,333	-	-	-	28,333
Executive-Directors:								
Rajen Manicka**	275,692	17,231	-	8,630	55,657	-	-	357,210
	396,692	17,231	-	95,295	55,657	-	-	564,875

* Other short term benefits represents D&O insurances of $8,333 for each director and additional consultancy fees paid to directors. Mr Blair was also paid $45,000 for other services related to QA and QC maintenance for Collie plant during the financial year.

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

(1) Mr. Daniel remuneration was paid by way of fees to Kickstart Plus Pty Ltd.
(2) Mr. Blair remuneration was paid by way of fees to Qualita International.
(3) Mrs. Loren remuneration was paid by way of fees to Risky Vulture Enterprise Pty Ltd.

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

* Other short term benefits represents D&O insurances of $2,903 for each director.

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

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

(1) Mr. Daniel remuneration was paid by way of fees to Kickstart Plus Pty Ltd.
(2) Mr. Blair remuneration was paid by way of fees to Qualita International.
(3) Mr. Jonathan remuneration was paid by way of fees to Pager Partners Corporate Advisory.

Service agreements
On 7 September 2010, the Group entered into an Employment Agreement with Dr Rajen Manicka to act as Chief Executive Officer and Managing Director. On the 2 July 2018, the Board of Directors reviewed and renewed the Employment Agreement of Dr Rajen Manicka as the Chief Executive Director and Managing Director of the Group. On 14 June 2021, the existing contract was renewed for 3 years.

Name:	Dr Rajen Manicka
Commencement date:	10 July 2021
Termination date of contract:	Initial 3-year period
Period of notice for resignation/termination:	3 months
Remuneration:	RM858,348 per annum
Termination (with cause):	The Company may terminate at any time without notice if serious misconduct has occurred. Where termination with cause occurs, employees are only entitled to entitlements up to the date of termination and any unvested options will immediately be forfeited.
Termination (without cause):	The Agreement provides for the termination of the Agreement by paying a severance payment of up to three months in addition to notice period.

Share-based compensation
Issue of shares
There were no shares issued to directors as part of compensation during the year ended 31 December 2021.

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

	Balance at the start of the year	Received as part of compensation	Exercise of performance rights	Disposals/ other	Balance at the end of the year
Ordinary shares					
Rajen Manicka	85,735,272	-	-	-	85,735,272
Daniel Joseph O'Connor	-	-	-	-	-
Chan Heng Fai [1]	46,226,673	-	-	(2,600,052)	43,626,621
Walter Edward Joseph	-	-	-	-	-
Loren King	-	-	-	-	-
Total Ordinary Shares	131,961,945	-	-	(2,600,052)	129,361,893

[1] *Resigned on 28 June 2021*

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

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

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

This concludes the remuneration report, which has been audited.

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

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

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

On behalf of the directors

____
Dr Rajen Manicka
Executive Chairman, MD and CEO

30 March 2022

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30 March 2022

Board of Directors
Holista Colltech Limited
283 Rokeby Road,
Subiaco, WA 6008

Dear Directors

RE: HOLISTA COLLTECH LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Holista Colltech Limited.

As Audit Director for the audit of the financial statements of Holista Colltech Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director

Holista Colltech Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue from contracts with customers	4	8,023,129	7,106,635
Other income	5	100,400	368,739
Expenses			
Changes in inventories of finished goods and work in progress		460,942	363,950
Raw materials and consumables used		(3,890,425)	(3,484,941)
Distribution costs and other costs of sales		(478,278)	(404,327)
Advertising and promotion		(509,560)	(473,592)
Consultancy and professional fees		(882,975)	(939,209)
Depreciation and amortisation expense		(199,999)	(220,869)
Employee benefits	6	(2,965,656)	(2,891,621)
Finance costs		(46,604)	(68,406)
Foreign exchange (loss)		(12,092)	(381,130)
Impairment	6	(144,515)	(3,310,442)
Research and development		(205,124)	(339,850)
Share-based payments (reversal)	39	360,109	(168,170)
Other expenses	6	(813,356)	(750,747)
Loss before income tax expense		(1,204,004)	(5,593,980)
Income tax expense	7	(153,030)	(86,587)
Loss after income tax expense for the year		(1,357,034)	(5,680,567)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		49,709	88,979
Other comprehensive income for the year, net of tax		49,709	88,979
Total comprehensive income for the year		(1,307,325)	(5,591,588)
Loss for the year is attributable to:			
Non-controlling interest		(100,825)	(197,400)
Owners of Holista Colltech Limited		(1,256,209)	(5,483,167)
		(1,357,034)	(5,680,567)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(344,067)	75,749
Owners of Holista Colltech Limited		(963,258)	(5,667,337)
		(1,307,325)	(5,591,588)
		Cents	**Cents**
Basic loss per share	38	(0.46)	(2.04)
Diluted loss per share	38	(0.46)	(2.04)

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

Holista Colltech Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	8	1,213,093	2,725,237
Trade and other receivables	9	1,795,140	1,558,007
Inventories	10	1,521,917	1,108,346
Income tax refund due	12	49,155	-
Other current assets	13	1,007,569	1,201,977
Total current assets		5,586,874	6,593,567
Non-current assets			
Property, plant and equipment	14	1,010,263	1,112,490
Right-of-use assets	11	113,413	124,824
Intangible assets	15	134,157	146,471
Deferred tax asset		83,166	75,412
Total non-current assets		1,340,999	1,459,197
Total assets		6,927,873	8,052,764
Liabilities			
Current liabilities			
Trade and other payables	16	2,746,596	1,719,277
Contract liabilities	17	5,245	458,729
Borrowings	18	364,882	401,173
Leases	19	13,521	28,155
Short-term provisions	20	34,496	13,414
Total current liabilities		3,164,740	2,620,748
Non-current liabilities			
Borrowings	18	417,774	430,605
Leases	19	94,146	82,764
Short-term provisions	20	275,000	275,000
Total non-current liabilities		786,920	788,369
Total liabilities		3,951,660	3,409,117
Net assets		2,976,213	4,643,647
Equity			
Issued capital	21	21,707,478	21,707,478
Reserves	22	(204,502)	(137,344)
Accumulated losses	23	(17,405,332)	(16,149,123)
Equity attributable to the owners of Holista Colltech Limited		4,097,644	5,421,011
Non-controlling interest	24	(1,121,431)	(777,364)
Total equity		2,976,213	4,643,647

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

Holista Colltech Limited
Consolidated statement of changes in equity
For the year ended 31 December 2021

Consolidated	Issued capital $	Share-based Payments Reserves $	Foreign Currency Translation Reserve $	Accumulated Losses $	Non-controlling interest $	Total equity $
Balance at 1 January 2020	14,548,515	2,642,722	(313,283)	(12,455,239)	(853,113)	3,569,602
Loss after income tax expense for the year	-	-	-	(5,483,167)	(197,400)	(5,680,567)
Other comprehensive income for the year, net of tax	-	-	(184,170)	-	273,149	88,979
Total comprehensive income for the year	-	-	(184,170)	(5,483,167)	75,749	(5,591,588)
Shares issued during the year (note 21)	6,527,337	-	-	-	-	6,527,337
Transaction costs (note 21)	(29,874)	-	-	-	-	(29,874)
Transfer of expired options balance	-	(1,505,783)	-	1,505,783	-	-
Exercise of performance rights	661,500	(945,000)	-	283,500	-	-
Shares based payment expenses	-	168,170	-	-	-	168,170
Balance at 31 December 2020	21,707,478	360,109	(497,453)	(16,149,123)	(777,364)	4,643,647

Consolidated	Issued capital $	Share-based Payments Reserves $	Foreign Currency Translation Reserve $	Accumulated Losses $	Non-controlling interest $	Total equity $
Balance at 1 January 2021	21,707,478	360,109	(497,453)	(16,149,123)	(777,364)	4,643,647
Loss after income tax expense for the year	-	-	-	(1,256,209)	(100,825)	(1,357,034)
Other comprehensive income for the year, net of tax	-	-	292,951	-	(243,242)	49,709
Total comprehensive income for the year	-	-	292,951	(1,256,209)	(344,067)	(1,307,325)
Shares based payment expenses	-	(360,109)	-	-	-	(360,109)
Balance at 31 December 2021	21,707,478	-	(204,502)	(17,405,332)	(1,121,431)	2,976,213

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

Holista Colltech Limited
Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers		7,119,182	6,324,724
Payments to suppliers and employees		(8,678,056)	(10,342,180)
Finance costs		(46,604)	(68,406)
Interest received		9,934	23,405
Other revenue		-	268,856
Income tax paid		(169,503)	(74,009)
Government grants		88,979	-
Net cash (used in) operating activities	36	(1,676,068)	(3,867,610)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(38,124)	(13,362)
Purchase of intellectual property	15	(3,333)	(20,979)
Refund/(Increase) of deposits/investments		91,809	(46,405)
Net cash generated from/(used in) investing activities		50,352	(80,746)
Cash flows from financing activities			
Proceeds from issue of shares	21	-	6,527,337
Proceeds from borrowings, net		131,935	121,669
Repayment of lease		(22,441)	(39,621)
Share issue transaction costs		-	(29,874)
Net cash provided by financing activities		109,494	6,579,511
Net (decrease)/increase in cash and cash equivalents		(1,516,222)	2,631,155
Cash and cash equivalents at the beginning of the financial year		2,725,237	101,400
Change in foreign currency held		4,078	(7,318)
Cash and cash equivalents at the end of the financial year	8	1,213,093	2,725,237

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

Note 1. Significant accounting policies

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

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

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

Going concern
The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss after tax for the year of $1,357,034 (2020: $5,680,567 loss) and a net cash out-flow from operating activities of $1,676,068 out-flow (2020: $3,867,610 out-flow). As at 31 December 2021, the Group's working capital amounted to $2,422,134 (2020: $3,972,819 working capital), as disclosed in note 21 of the Issued capital note.

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

As the world battle against COVID-19 pandemic is far from over, the Group is confident that the revenue from different business segments will continue to grow and contribute positively to its cashflows and profitability in the year 2022. The Group is optimistic about its ability to meets all its liabilities.

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

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

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Holista Colltech Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Holista Colltech Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

Financial assets
Classification

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

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

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

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

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

Recognition and derecognition

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

Measurement

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Key estimate – impairment of property, plant and equipment (note 14 Property, plant and equipment)
- Key estimate – impairment of goodwill (note 15 Intangible assets)
- Key estimate – determining stand-alone selling price of the loyalty points (note 17 contract liabilities)
- Key estimate – determining the lease term (note 19 Leases)
- Key estimate - determining the allowance for expected credit losses (note 9 trade and other receivables)

Note 3. Operating segments

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

Accounting policies adopted

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

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

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

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

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

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

Note 3. Operating segments (continued)

Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

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

Within the Supplement segment, the Group supplies to a number of retailers through one single external distributor who accounts for 88% (2020: 83%) of total revenue for this segment. For Food Ingredients business segments, the Group supplies to a few major customers that accounts 62% (2020: 65%) of revenue for this segment. For Infections Control business segments, the Group supplies to a few major customers that accounts 88% (2020: 81%) of revenue for these segments. The Group supplies to a few external customers for the Ovine Collagen segment, where the major customer accounts for 100% (2020: 89%) of revenue for this segment.

Segment Financial Performance

Year ended 31 December 2021	Supplements $	Sheep Collagen $	Food Ingredients $	Infection Control $	Corporate $	Total
Revenue						
External sales	6,184,002	248,100	1,363,594	227,433	-	8,023,129
Other income	-	-	-	-	100,400	100,400
Total segment revenue	6,184,002	248,100	1,363,594	227,433	100,400	8,123,529
Reconciliation of segment revenue to group revenue:						
Total expenses	(5,063,689)	(742,426)	(2,019,746)	(433,694)	(1,067,978)	(9,327,533)
Segment (loss) from continuing operations before tax	1,120,313	(494,326)	(656,152)	(206,261)	(967,578)	(1,204,004)

Year ended 31 December 2020	Supplements $	Sheep Collagen $	Food Ingredients $	Infection Control $	Corporate $	Total $
Revenue						
External sales	5,243,791	173,400	1,024,525	664,919	-	7,106,635
Other income	-	-	-	-	368,739	368,739
Total segment revenue	5,243,791	173,400	1,024,525	664,919	368,739	7,475,374
Reconciliation of segment revenue to group revenue:						
Total expenses	(5,413,679)	(671,672)	(1,499,563)	(1,265,290)	(4,219,150)	(13,069,354)
Segment (loss) from continuing operations before tax	(169,888)	(498,272)	(475,038)	(600,371)	(3,850,411)	(5,593,980)

Note 3. Operating segments (continued)

As at 31 December 2021	Supplements $	Sheep Collagen $	Food Ingredients $	Infection Control $	Corporate $	Total $
Segment Assets	3,341,994	6,103,998	1,824,902	328,595	-	11,599,489
Intra-segment eliminations	-	-	-	-	(4,671,616)	(4,671,616)
Total assets	3,341,994	6,103,998	1,824,902	328,595	(4,671,616)	6,927,873
Segment Liabilities	(1,893,284)	(2,430,009)	(4,600,567)	(526,165)	-	(9,450,025)
Intra-segment eliminations	-	-	-	-	5,498,365	5,498,365
Total liabilities	(1,893,284)	(2,430,009)	(4,600,567)	(526,165)	5,498,365	(3,951,660)
Total net assets	1,448,710	3,673,989	(2,775,665)	(197,570)	826,749	2,976,213

As at 31 December 2020	Supplements $	Sheep Collagen $	Food Ingredients $	Infection Control $	Corporate $	Total
Segment Assets	2,891,061	5,734,695	2,178,633	125,509	-	10,929,898
Intra-segment eliminations	-	-	-	-	(2,877,134)	(2,877,134)
Total assets	2,891,061	5,734,695	2,178,633	125,509	(2,877,134)	8,052,764
Segment Liabilities	(1,344,937)	(487,690)	(4,440,377)	(722,947)	-	(6,995,951)
Intra-segment eliminations	-	-	-	-	3,586,834	3,586,834
Total liabilities	(1,344,937)	(487,690)	(4,440,377)	(722,947)	3,586,834	(3,409,117)
Total net assets	1,546,124	5,247,005	(2,261,744)	(597,438)	709,700	4,643,647

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

	Consolidated	
	2021 $	**2020 $**
Australia	6,103,998	5,734,695
Malaysia	4,710,385	4,376,318
United States	785,106	818,885
Total assets	11,599,489	10,929,898

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

	Consolidated	
	2021 $	**2020 $**
Australia	248,100	173,400
Malaysia	6,830,609	6,324,178
United States	944,420	609,057
Total revenue	8,023,129	7,106,635

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

Note 3. Operating segments (continued)

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

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

Note 4. Revenue from contracts with customers

	Consolidated	
	2021 $	2020 $
Revenue from contracts with customers	8,023,129	7,106,635

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

	Consolidated	
	2021 $	2020 $
Supplements	6,184,002	5,243,791
Sheep Collagen	248,100	173,400
Food Ingredients	1,363,594	1,024,525
Infection Control	227,433	664,919
	8,023,129	7,106,635
Geographical regions		
Australia	248,100	173,400
Malaysia	6,830,609	6,324,178
United States	944,420	609,057
	8,023,129	7,106,635
Timing of revenue recognition		
Goods transferred at a point in time	8,023,129	7,106,635

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

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

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

Note 4. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

a. Rights of return

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

b. Volume rebates

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

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

Note 4. Revenue from contracts with customers (continued)

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

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

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

Customer loyalty points
Deferred revenue in respect to customer loyalty points is recognised in accordance with note 17 Key estimates –Deferred revenue for customer loyalty points.

Assets and liabilities arising from rights of return
Assets and liabilities arising from rights of return in accordance with note 13 Right-of-return assets, note 16 Refund liabilities, and note 17 Contract liabilities.

Note 5. Other income

	Consolidated	
	2021	**2020**
	$	**$**
Government Grants - Research and development	51,657	163,540
Government Grants - Cashflow Boost and JobKeeper Subsidy	9,600	105,316
Government Grants - Loan forgiven	27,722	-
Interest income	10,531	23,405
Other income	890	76,478
Total Other income	100,400	368,739

Accounting Policy for Interest Income
Interest income is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Accounting Policy for Government grants
Government grants are recognised upon receipt of cash.

Note 6. Loss before income tax

	Consolidated 2021 $	2020 $
Loss before income tax includes the following specific expenses:		
Impairment		
Impairment of other assets	-	448,086
Impairment on credit losses	144,515	2,341,655
Impairment of goodwill	-	520,655
Doubtful debts expensed	-	46
Total impairment	144,515	3,310,442
Other Expenses		
Compliance and regulatory costs	267,779	267,913
Insurance	120,394	77,103
Other expenses	41,383	13,463
Collie factory maintenance costs	95,880	110,306
Audit fees	90,288	86,334
Office expense and other occupancy costs	197,632	195,628
Total Other Expenses	813,356	750,747
Employee Benefit Expense Short-term		
Salary and wages, including directors fees	1,935,235	1,988,208
Superannuation	243,742	247,538
Medical and Insurance	82,104	98,478
Bonus and Incentive	478,946	316,637
Travel	125,342	152,071
Others	100,287	88,689
Total Employee Benefit Expense Short-term	2,965,656	2,891,621

Accounting policy for Impairment on credit losses

Refer to note 9.

Accounting policy for Impairment on Intangibles including Goodwill

Refer to note 15.

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

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

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

Note 7. Income tax expense

	Consolidated	
	2021	**2020**
	$	**$**
Income tax expense		
Current Income tax	153,030	86,587
Aggregate income tax expense	153,030	86,587
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,204,004)	(5,593,980)
Tax at the statutory tax rate of 25% (2020: 27.5%)	(301,001)	(1,538,345)
Non-deductible expenses	57,819	1,004,356
Research and development tax offset exempted from tax	(12,914)	(44,974)
Foreign tax losses not recognised	3,436	83,196
Foreign income tax payable	153,031	86,587
Deferred tax asset not brought to account	311,437	304,814
Profit attributable to foreign subsidiaries	(95,240)	(108,225)
Timing differences	36,462	299,178
Income tax expense	153,030	86,587
	%	%
The applicable weighted average effective tax rates attributable to operating profit are as follows:	12.71	1.55

The tax rates used in the above reconciliations is the corporate tax rate of 25% payable by the Australian corporate entity on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting year.

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

	Consolidated	
	2021	**2020**
	$	**$**
Tax losses and deductible temporary differences		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
Tax losses Australia	2,555,930	2,468,942
Tax losses attributable to foreign subsidiaries	1,216,432	1,439,059
	3,772,362	3,908,001

Potential deferred tax assets attributable to tax losses have not been brought to account at 31 December 2021 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

Note 7. Income tax expense (continued)

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Group continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

The parent company has accumulated tax losses of $10,219,782 (2020: $8,974,034) which are expected to be available indefinitely for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment of the Australian Taxation Office. The parent company has additional accumulated tax losses of $1,245,748 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 7. Income tax expense (continued)

Accounting policy for Income tax expense

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

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

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

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

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

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

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

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

Note 7. Income tax expense (continued)

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

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

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

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

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

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

Note 8. Cash and cash equivalents

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Cash at bank	513,012	310,191
Cash on deposit	700,081	2,415,046
	1,213,093	2,725,237

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

Note 9. Trade and other receivables

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Trade receivables	3,669,889	3,138,830
Less: Allowance for expected credit losses	(1,934,523)	(1,751,581)
	1,735,366	1,387,249
Other receivables	5,507	119,634
Amounts advanced to a related party	180,623	180,623
Amounts advanced to a third party	294,534	294,534
Less: allowance for expected credit losses	(475,157)	(475,157)
Interest receivable	54,267	51,124
	1,795,140	1,558,007

2021	Not past due	Past due up to 30 days	Past due 31-60 days	Past due 61-90 days	Past due over 90 days	Net
Trade receivables-Gross value	1,456,514	294,829	14,553	1	1,903,992	3,669,889
Allowance for expected credit losses	(42,670)	-	-	-	(1,891,853)	(1,934,523)
Other receivables-net	59,774	-	-	-	-	59,774
	1,473,618	294,829	14,553	1	12,139	1,795,140

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

The average credit period on sales of goods and rendering of services ranges from 30 to 240 days. Interest is not charged. During the year ended 31 December 2021 an allowance of $1,934,523 has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods, determined by reference to past default experience. Amounts are considered as ‘past due’ when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

Included in trade receivables is an amount due from companies in which a director has interest of $1,082,810 (2020: $1,071,048). During the year, the carrying amount of the allowance for credit losses amounted to $1,082,810 (2020:$1,071,048).

As at 31 December 2021, the amounts advanced to a related party of $180,623 charged interest at 3% and the amount advanced to a third party of $294,534 charged interest at 3% in its first year and 5% in its second year, on accrual basis. In prior year, an impairment of $475,157 has been made to fully impair the amounts advanced to a related party and a third party.

Note 9. Trade and other receivables (continued)

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

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

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

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

Note 10. Inventories

	Consolidated	
	2021	2020
	$	$
Current assets		
Raw materials - at cost	459,258	948,667
Finished goods - at cost	649,543	33,336
Stock-in-transit	413,116	126,343
	1,521,917	1,108,346

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

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

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

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

Note 11. Right-of-use assets

	Consolidated	
	2021	2020
	$	$
Non-current assets		
Properties	86,865	104,884
Motor vehicles	26,548	19,940
	113,413	124,824

Note 11. Right-of-use assets (continued)

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

Consolidated	**Properties $**	**Motor vehicles $**	**Total $**
Balance at 1 January 2021	104,884	19,940	124,824
Additions	-	22,601	22,601
Disposals	-	(2,669)	(2,669)
Exchange differences	-	393	393
Depreciation expense	(18,019)	(13,717)	(31,736)
Balance at 31 December 2021	86,865	26,548	113,413

Consolidated	**Properties $**	**Motor vehicles $**	**Total $**
Balance at 1 January 2020	122,902	36,080	158,982
Disposals	-	(1,681)	(1,681)
Depreciation expense	(18,018)	(14,459)	(32,477)
Balance at 31 December 2020	104,884	19,940	124,824

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

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

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

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

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

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

Extension and termination options

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

Note 12. Income tax refund due

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Income tax refund due	49,155	-

Note 13. Other current assets

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Prepayments	318,703	239,412
Security deposits	33,616	320,463
Other deposits	14,518	21,566
Loan to a related party	511,246	481,641
Right-of-return assets	129,486	101,134
Tax recoverable	-	37,761
	1,007,569	1,201,977

In FY2020, there was an amount of $428,787 included in prepayments for deposit and advances previously made to ProImmune Company LLC for supply contract. ProImmune Company LLC filed for purported breaches of supply contracts by the Company in February 2020. As it is not practical to estimate when the decision of the court will be made, the prepayments has been fully impaired.

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

Loan to a related party as at 31 December 2021 is related to loan to Galen BioMedical Inc. which is non-interest bearing and repayable upon demand.

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

Accounting policy for customer fulfilment costs
Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Note 14. Property, plant and equipment

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Freehold land and buildings	1,037,706	1,017,689
Less: Accumulated depreciation and impairment	(339,933)	(314,367)
	697,773	703,322
Plant and equipment	2,041,094	2,031,321
Less: Accumulated depreciation	(1,728,604)	(1,622,153)
	312,490	409,168
Total property, plant and equipment	1,010,263	1,112,490

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

Consolidated	Freehold land and buildings $	Plant and equipment $	Total $
Balance at 1 January 2020	778,385	539,533	1,317,918
Additions	-	13,362	13,362
Exchange rate differences	(54,808)	(1,351)	(56,159)
Depreciation expense	(20,255)	(142,376)	(162,631)
Balance at 31 December 2020	703,322	409,168	1,112,490
Additions	-	38,124	38,124
Exchange rate differences	13,834	610	14,444
Depreciation expense	(19,383)	(135,412)	(154,795)
Balance at 31 December 2021	697,773	312,490	1,010,263

Land and buildings with a carrying amount of $697,773 (2020: $703,322) are subject to a first charge to secure a loan from CIMB Bank, Malaysia.

Collagen Extraction Facility in Collie, Western Australia
This facility was built on land subject to a 20 years lease entered into in June 2004. The facility buildings have a carrying value of $nil as at 31 December 2021 (2020: $nil).

Accounting policy for property, plant and equipment
Recognition and measurement

Note 14. Property, plant and equipment (continued)

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

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

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

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

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

Subsequent costs

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

Derecognition and disposal

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

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

Depreciation

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

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

	2021 Bottom %	2021 Top %	2020 Bottom %	2020 Top %
Buildings	4.00	4.00	4.00	4.00
Plant and equipment	20.00	33.33	20.00	33.33
Motor vehicles	20.00	20.00	20.00	20.00

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

Note 14. Property, plant and equipment (continued)

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

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

Note 15. Intangible assets

	Consolidated	
	2021	**2020**
	$	**$**
Non-current assets		
Goodwill	-	-
Patents and licences	221,052	216,788
Less: Accumulated amortisation	(86,895)	(70,317)
	134,157	146,471
	134,157	146,471

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

Consolidated	Goodwill $	Patents and licences $	Total $
Balance at 1 January 2020	572,378	203,743	776,121
Additions	-	20,979	20,979
Exchange differences	(51,723)	(7,032)	(58,755)
Impairment of assets	(520,655)	-	(520,655)
Write off of assets	-	(45,044)	(45,044)
Transfers (out)	-	(414)	(414)
Amortisation expense	-	(25,761)	(25,761)
Balance at 31 December 2020	-	146,471	146,471
Additions	-	3,333	3,333
Exchange differences	-	2,881	2,881
Transfers (out)	-	(3,333)	(3,333)
Amortisation expense	-	(15,195)	(15,195)
Balance at 31 December 2021	-	134,157	134,157

Note 15. Intangible assets (continued)

Goodwill impairment testing

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

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

Since the previous financial year, there has been considerable volatility in the economic environment as a result of COVID-19. Management has carefully assessed the impact of COVID-19 and the implications of lower economic activity on its operations. Management has observed that there has been a significant impact in the performance of the food ingredients business in the USA. As such, management has impaired the carrying amount of goodwill in full.

Accounting policy on Intangible assets

Intangible assets acquired separately

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

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

	2021 years	2020 years
Patents and Licenses	20	20

Note 15. Intangible assets (continued)

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

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

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

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

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

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

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

Note 16. Trade and other payables

	Consolidated	
	2021	2020
	$	$
Current liabilities		
Trade payables	1,370,345	829,857
Accruals	668,649	433,102
Amounts due to a Director	-	21,588
Dividends payable	23,734	22,360
Refund liability	340,753	368,905
Other payables	343,115	43,465
	2,746,596	1,719,277

Refer to note 26 for further information on financial instruments.

Included in the accruals is deferred revenue amounting of $27,892 (2020: $71,241) which represents customer loyalty points and is estimated based on the amount of loyalty points outstanding at reporting date that are expected to be redeemed.

Amounts due to a Director which amounted $21,588 in the previous financial year refers to the accrued director fees of Mr Chan as at 31 December 2020, that was paid during the year.

Note 16. Trade and other payables (continued)

Accounting policy for Trade and other payables

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

Accounting policy for Refund liability

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

Accounting policy for loyalty points programme

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

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

Note 17. Contract liabilities

	Consolidated	
	2021	2020
	$	$
Current liabilities		
Advance deposits and deferred revenue	5,245	458,729

Accounting policy for Contract liabilities

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

Key estimates – Deferred revenue for customer loyalty points

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

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

Note 18. Borrowings

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Term loan	20,029	29,027
Banker's acceptance	330,022	358,611
Loan from related parties	14,367	13,535
Other borrowings	464	-
	364,882	401,173
Non-current liabilities		
Term loan	417,774	430,605
	782,656	831,778

Refer to note 26 for further information on financial instruments.

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

The bankers' acceptance bears interest of 3.43% (2020: 3.70%).

The term loan is repayable over 240 monthly instalments (principal plus interest) of $2,923 (2020: $2,866) which commenced on 1 October 2020. The term loan bears interest rates of 3.50% (2020: 3.77%) per annum.
Both facilities are secured by the following:

- Fixed deposits with licensed banks of the Group and the Company;
- Facility agreement;
- First party assignment over the office lots of the Company;
- Deed of assignment of rental proceeds;
- Executed fresh letter of authorisation, memorandum of deposit and letter of off-set; and
- Guarantee by a director of the Company.

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

	Consolidated 2021 $	Consolidated 2020 $
Inventories	-	623,681
Security deposits	33,616	1,768
Freehold land and buildings	697,773	703,322
	731,389	1,328,771

At balance date, the following financing facilities had been negotiated and were available:	Total facilities 2021 $	Total facilities 2020 $	Facilities used 2021 $	Facilities used 2020 $	Unused facilities 2021 $	Unused facilities 2020 $
Term loan	466,932	459,632	(466,932)	(459,632)	-	-
Banker's acceptance	660,044	647,312	(330,022)	(358,611)	330,022	288,701
Total facilities at balance date	1,126,976	1,106,944	(796,954)	(818,243)	330,022	288,701

Note 18. Borrowings (continued)

Accounting policy for Borrowings

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

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

Note 19. Leases

	Consolidated	
	2021 **$**	**2020** **$**
Current liabilities		
Current	13,521	28,155
Non-current liabilities		
Non-current	94,146	82,764
	107,667	110,919

Refer to note 26 for further information on financial instruments.

Accounting policy for lease liabilities

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

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

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

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

Note 19. Leases (continued)

Critical judgements in determining the lease term

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

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

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

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

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

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

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

Note 20. Short-term provisions

	Consolidated	
	2021	**2020**
	$	**$**
Current liabilities		
Provision for employee entitlements	34,496	13,414
Non-current liabilities		
Make good provision	275,000	275,000
	309,496	288,414

Description of provisions

Provision for employee benefits represents amounts accrued for annual leave (**AL**) and long service leave (**LSL**). The current portion for this provision includes the total amount accrued for AL entitlements and the amounts accrued for LSL entitlements that have vested due to employees having completed the required period of service. The Group does not expect the full amount of AL or LSL balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

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

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

Note 20. Short-term provisions (continued)

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

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

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

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

Note 21. Issued capital

	Consolidated			
	2021 Shares	**2020 Shares**	**2021 $**	**2020 $**
Ordinary shares - fully paid	275,349,087	275,349,087	21,707,478	21,707,478

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

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2020	234,039,087		14,548,515
Collateral placement with Acuity Capital	13 January 2020	385,000	$0.071	27,337
Collateral placement with Acuity Capital	11 February 2020	6,500,000	$0.123	800,000
Collateral placement with Acuity Capital	11 February 2020	5,500,000	-	-
Collateral placement with Acuity Capital	19 February 2020	12,000,000	$0.150	1,800,000
Collateral placement with Acuity Capital	4 March 2020	10,625,000	$0.160	1,700,000
Exercise of performance rights	8 April 2020	6,300,000	$0.105	661,500
Collateral placement with Acuity Capital	20 April 2020	-	-	2,200,000
Share issue transaction costs, net of tax		-	-	(29,874)
Balance	31 December 2020	275,349,087		21,707,478
Balance	31 December 2021	**275,349,087**		21,707,478

Note 21. Issued capital (continued)

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

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

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

	Consolidated	
	2021	**2020**
Performance rights		
At beginning of the year	2,700,000	9,000,000
Exercised during the year	-	(6,300,000)
Lapsed during the year	(2,700,000)	-
At reporting date	-	2,700,000

	Consolidated	
	2021	**2020**
Options		
At beginning of the year	-	30,000,000
Issued options	-	18,000,000
Expired options	-	(48,000,000)
At reporting date	-	-

Capital Management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2020.

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

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

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

The working capital position of the Group was as follows:

Note 21. Issued capital (continued)

Working Capital	**Consolidated 2021 $**	**Consolidated 2020 $**
Cash and cash equivalents (note 8)	1,213,093	2,725,237
Trade and other receivables (note 9)	1,795,140	1,558,007
Inventories (note 10)	1,521,917	1,108,346
Income tax refund due (note 12)	49,155	-
Other current assets (note 13)	1,007,569	1,201,977
Trade and other payables (note 16)	(2,746,596)	(1,719,277)
Contract liabilities (note 17)	(5,245)	(458,729)
Current borrowings (note 18)	(364,882)	(401,173)
Leases (note 19)	(13,521)	(28,155)
Provisions (note 20)	(34,496)	(13,414)
Total Working Capital	2,422,134	3,972,819

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

Note 22. Reserves

	Consolidated 2021 $	**Consolidated 2020 $**
Foreign currency reserve	(204,502)	(497,453)
Share-based payment reserve	-	360,109
	(204,502)	(137,344)

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

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

Note 23. Accumulated losses

	Consolidated 2021 $	**Consolidated 2020 $**
Accumulated losses at the beginning of the financial year	(16,149,123)	(12,455,239)
Loss after income tax expense for the year	(1,256,209)	(5,483,167)
Transfer from options reserve	-	1,789,283
Accumulated losses at the end of the financial year	(17,405,332)	(16,149,123)

Note 24. Non-controlling interest

	Consolidated 2021 $	Consolidated 2020 $
Non-controlling interest	(1,121,431)	(777,364)

Note 25. Dividends

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

Note 26. Financial instruments

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

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

Market risk

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

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

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

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

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

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

Note 26. Financial instruments (continued)

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

	Average exchange rates		Reporting date exchange rates	
	2021	**2020**	**2021**	**2020**
Australian dollars				
US dollars	0.7514	0.6906	0.7256	0.7702
MY Ringgit	3.1134	2.8996	3.0301	3.0897
Indian Rupee	55.5354	-	53.9000	-
SG Dollar	1.0096	-	0.9799	-

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

	Assets		Liabilities	
Consolidated	**2021 $**	**2020 $**	**2021 $**	**2020 $**
US dollars	950,848	819,015	(2,504,006)	(519,454)
MY Ringgit	14,806,460	4,376,435	(11,928,951)	(2,633,743)
Indian Rupee	77,299	-	(66,135)	-
SG Dollar	-	-	(2,395)	-
	15,834,607	5,195,450	(14,501,487)	(3,153,197)

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

	AUD strengthened		AUD weakened	
Consolidated - 2021	**% change**	**Effect on equity**	**% change**	**Effect on equity**
US dollars	15%	321,077	(15%)	(321,077)
MY Ringgit	15%	(142,446)	(15%)	142,446
Indian Rupee	15%	(31)	(15%)	31
Singapore Dollar	15%	367	(15%)	(367)
		178,967		(178,967)

	AUD strengthened		AUD weakened	
Consolidated - 2020	**% change**	**Effect on equity**	**% change**	**Effect on equity**
US dollars	15%	(58,341)	(15%)	58,341
MY Ringgit	15%	(84,605)	(15%)	84,605
		(142,946)		142,946

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

Note 26. Financial instruments (continued)

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

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

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

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

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

- Credit risk exposures

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

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

- Impairment losses

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

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

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

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

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

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

Note 26. Financial instruments (continued)

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

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

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	(2,746,596)	-	-	-	(2,746,596)
Interest-bearing - variable						
Borrowings	3.70%	(366,432)	(35,076)	(105,229)	(403,379)	(910,116)
Leases	5.89%	(23,165)	(18,813)	(32,117)	(64,714)	(138,809)
Total non-derivatives		(3,136,193)	(53,889)	(137,346)	(468,093)	(3,795,521)

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

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

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

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

Note 27. Fair value measurement

Valuation techniques for fair value measurements categorised within level 2 and level 3
The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Note 27. Fair value measurement (continued)

- 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.

Note 28. Key management personnel disclosures

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

Dr Rajen Manicka	Executive Director, Managing Director and Chief Executive Officer
Mr Daniel Joseph O'Connor	Non-Executive Chairman (resigned 31 July 2021)
Mr Chan Heng Fai	Non-Executive Director (resigned 28 June 2021)
Mr Blair Michelson	Non-Executive Director (resigned 28 June 2021)
Mr Walter Edward Joseph	Non-Executive Director (appointed 28 June 2021)
Mrs Loren King	Non-Executive Director (appointed 31 July 2021)

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

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

	Consolidated	
	2021 $	2020 $
Short-term employee benefits*	509,218	571,016
Post-employment benefits - Defined contribution superannuation funds	55,657	60,521
Share-based payments	-	15,050
	564,875	646,587

** Short-term employee benefits include other benefits of $50,000 (2020: $17,418) which represents D&O insurances as disclosed in remuneration report.*

Note 29. Remuneration of auditors

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

	Consolidated	
	2021	2020
	$	$
Audit services - Audit or review of the financial statements		
Stantons	59,000	54,000
Russell Bedford LC & Company	31,288	32,333
Taxation and independent expert services provided by a related practice of the Auditor, Stantons	5,590	5,870
	95,878	92,203

Note 30. Contingent liabilities

Gara Group

On September 27,2019, iGalen (a related company and a customer of the Group), filed an action against Gara Group, Inc. and others alleging breach of contract. This complaint stems from the Gara Group's failure to provide services including product fulfillment, software development and maintenance of non-site platform which manages the Company's back office and managing the Company's social media sites. Gara Group filed a complaint against the Company for breach of contract.

Since then, Gara Group has gone through changes in various sets of attorneys, cope with ongoing pandemic, has caused little to no progress in the case. Due to Gara Group moved operation office from California to Florida, they have filed again similar claims in Florida. Recently the parties have attempted to bring similar causes of action that are alleged in the Florida into the California case. Although these cases are distinct and have separate parties, the plaintiffs are attempting right now to combine the identical claims.

The exposure to the Company always exists, however, management maintains its claims and anticipates recovering from Gara Group. It is too early in the case to determine amounts of recovery or exposure.

ProImmune Company LLC ("Pro immune")

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

With the completion of the discovery phase of the litigation, both sides have filed respectively their own motions for summary judgment in September 2021, which effectively seeks a judgment without trial on either sides' respective claims and/or defences. Depending on the court's workload and resources available in the current pandemic environment, the earliest judgement is expected sometime in the first half of 2022.

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

ASIC

The Australian Securities and Investments Commission (ASIC) has commenced Federal Court proceedings against the Company on 5 August 2021. The proceedings relate to allegedly false and misleading statements with respect to Holista's sanitiser products and partnership with Global Infection Control Consultants (GICC), which are said to have been disseminated by the Company in the period from January 2020 to July 2020. ASIC claims that between April and July 2020 the Company was in breach of its continuous disclosure obligations. The proceedings also alleged that Dr Manicka, the Company's Chairman, Managing Director and CEO, breached his director's duties to the Company by causing or permitting the Company to engage in the conduct complained of by ASIC.

Note 30. Contingent liabilities (continued)

The Company and its director have filed their respective concise statements on 23 November 2021 and 24 November 2021 respectively; as per the Court's granted extension of time to file. The Court also directed ASIC to provide all the relevant documents including transcripts pertaining to the claims in their concise statement of 4 August 2021 to the Company by 12 January 2022 in which ASIC duly provided and the Company duly received it. The case management hearing listed on 1 December 2021 was vacated. A mediation on this matter is to be scheduled on the first available date after 4 March 2022.

On 7 January 2022, the Court has listed the case for mediation on 28 April 2022.

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

The prosecution commenced by ASIC in relation with Directors, Ex-Directors, and Ex-Company Secretaries is coverable by the insurer of Director and Officers insurance policy.

Note 31. Commitments

The Group has no capital commitments at 31 December 2021 (31 December 2020: $nil).

Note 32. Related party transactions

Parent entity
Holista Colltech Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2021	**2020**
	$	**$**
Transactions (P/L impact):		
Professional fees paid to Sumita K & Associates for provision of legal advice. Mrs Sumita's husband is a director of the Holista Biotech Sdn Bhd	11,563	12,415
Director fee paid to Mrs Sumita	11,563	12,415
Consulting fees paid to Samabudi Consulting Sdn Bhd which certain directors of Holista Biotech Sdn Bhd have interest	46,251	57,938
Legal fees paid by the Group on behalf of its directors, ex-company secretary and ex-director	377,021	172,310
Sales to iGalen	41,528	329,634
Impairment expense related to trade receivables from iGalen	41,528	1,071,048
Impairment expense related to other receivables from iGalen (note 9)	-	180,623
	-	-
Transactions (BS impact)	-	-
Loans to Galen Biomedical Inc., an entity 75% owned by Rajen Manicka	511,246	481,641
Amounts owed to a Director as disclosed in note 16	-	21,588

Receivable from and payable to related parties
Included in trade receivables is an amount due to iGalen (companies in which director has interest) of $41,528 (2020: $1,071,048). During the year ended 31 December 2021, an allowance of $41,528 has been made.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 32. Related party transactions (continued)

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

Note 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	**2020**
	$	**$**
Loss after income tax	(1,212,903)	(4,864,845)
Total comprehensive income	(1,212,903)	(4,864,845)

Statement of financial position

	Parent	
	2021	**2020**
	$	**$**
Total current assets	3,725,591	3,259,560
Total non-current assets	2,378,407	2,475,135
Total assets	6,103,998	5,734,695
Total current liabilities	2,076,471	129,926
Total non-current liabilities	353,537	357,764
Total liabilities	2,430,008	487,690
Equity		
Issued capital	20,216,403	20,216,403
Share-based payment reserve	-	360,112
Accumulated losses	(16,542,413)	(15,329,510)
Total equity	3,673,990	5,247,005

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
There are no guarantees entered into by Holista Colltech Limited for the debts of its subsidiaries as at 31 December 2021 (2020: Nil).

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021 (2020: Nil).

Contractual commitments
The parent company has no capital commitments at 2021 (2020: $nil). The parent company other commitments are disclosed in note 31 Commitments.

Note 33. Parent entity information (continued)

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

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

Note 34. Interests in subsidiaries

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

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2021 %**	**2020 %**
Holista Biotech Sdn Bhd	Malaysia	100.00%	100.00%
Total Health Concept Sdn Bhd	Malaysia	100.00%	100.00%
Alterni (M) Sdn Bhd	Malaysia	100.00%	100.00%
Medi Botanics Sdn Bhd	Malaysia	100.00%	100.00%
Revonutrix Sdn Bhd	Malaysia	100.00%	100.00%
Holista Ingredients India Private Ltd *	India	51.00%	51.00%
Holista Infection Control Pte Ltd **	Singapore	100.00%	100.00%
LiteFoods Inc **	USA	53.00%	53.00%
Holista Foods Inc. (74% owned by LiteFoods Inc.)	USA	39.20%	39.20%
HF Pre IPO Fund I LLC	USA	67.00%	67.00%
Ovicoll LLC ***	USA	100.00%	100.00%
Holista Life LLC ***	USA	100.00%	100.00%

* Incorporated in 2018. The company has been inactive since incorporation.
** Lite Foods Inc. is 53% owned by the Group with the remaining 47% being held by private shareholders including the company's director, Mr Chan Heng Fai.
*** Incorporated in year 2020. Inactive since incorporation.

Note 34. Interests in subsidiaries (continued)

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

	LiteFoods Group(LiteFoods Inc. and Holista Foods Inc.)		HF Pre IPO Fund I LLC	
	2021	2020	2021	2020
	$	$	$	$
Summarised statement of financial position				
Current assets	447,955	286,097	565,640	532,886
Non-current assets	-	40,221	-	-
Total assets	447,955	326,318	565,640	532,886
Current liabilities	3,670,175	3,159,534	23,734	22,360
Total liabilities	3,670,175	3,159,534	23,734	22,360
Net assets/(liabilities)	(3,222,220)	(2,833,216)	541,906	510,526
Summarised statement of profit or loss and other comprehensive income				
Revenue and other income	972,143	484,509	-	-
Expenses	(1,136,415)	(1,272,382)	-	-
Loss before income tax expense	(164,272)	(787,873)	-	-
Income tax expense	(1,950)	(2,493)	-	-
Loss after income tax expense	(166,222)	(790,366)	-	-
Other comprehensive income	42,832	140,286	-	-
Total comprehensive income	(123,390)	(650,080)	-	-
Statement of cash flows				
Net cash (used in) operating activities	506	(155,418)	-	-
Net cash generated from/(used in) investing activities	(1,640)	13,993	-	-
Net cash provided by financing activities	-	173,193	-	-
Net (decrease)/increase in cash and cash equivalents	(1,134)	31,768	-	-

Note 35. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 36. Reconciliation of loss after income tax to net cash (used in) operating activities

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax expense for the year	(1,357,034)	(5,680,567)
Adjustments for:		
Depreciation and amortisation	199,999	220,869
Interest income	(597)	-
Foreign exchange loss	-	376,631
Net share-based payments (reversed)/expensed	(360,109)	168,170
Impairment	144,515	3,310,442
Interest on lease liabilities	-	7,334
Write off intangible assets	-	45,044
Other	(1,350)	-
Change in operating assets and liabilities:		
(Increase) in receivables	(1,017,317)	(407,456)
(Increase) in inventories	(373,464)	(481,738)
(Increase) in prepayments	(66,448)	(131,913)
Decrease/(increase) in trade and other payables	1,151,127	(1,308,262)
Decrease/(increase) in other provisions	21,082	(978)
(Decrease)/increase in tax balances	(16,472)	14,814
Net cash (used in) operating activities	(1,676,068)	(3,867,610)

Note 37. Changes in liabilities arising from financing activities

Consolidated	Short-term borrowings $	Long-term borrowings $	Leases $	Total $
Balance at 1 January 2020	337,341	436,236	148,139	921,716
Cash flows	92,291	29,378	(39,621)	82,048
Exchange differences	(28,459)	(35,009)	2,401	(61,067)
Balance at 31 December 2020	401,173	430,605	110,919	942,697
Cash flows	151,632	(19,697)	(22,441)	109,494
Exchange differences	7,246	6,866	566	14,678
Other changes	(195,169)	-	18,623	(176,546)
Balance at 31 December 2021	364,882	417,774	107,667	890,323

Note 38. Earnings per share

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax	(1,357,034)	(5,680,567)
Non-controlling interest	100,825	197,400
Loss after income tax attributable to the owners of Holista Colltech Limited	(1,256,209)	(5,483,167)

Note 38. Earnings per share (continued)

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	275,349,087	268,852,114
Weighted average number of ordinary shares used in calculating diluted earnings per share	275,349,087	268,852,114

	Cents	**Cents**
Basic loss per share	(0.46)	(2.04)
Diluted loss per share	(0.46)	(2.04)

Accounting policy for earnings per share

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

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

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

Note 39. Share-based payments

Performance rights
As approved by shareholders 9 January 2017, the Company issued 2,700,000 performance rights to Dr Rajen Manicka with non-market performance conditions attached. The performance conditions were not achieved on vesting date. Consequently, the share-based expenses previously recognised in relation to the performance rights were fully reversed.

2021 Grant Date	Expire date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/01/2017	09/01/2022	1,800,000	-	-	(1,800,000)	-
09/01/2017	09/01/2022	900,000	-	-	(900,000)	-

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

The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 0 year (2020: 1 year).

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

Note 39. Share-based payments (continued)

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date	Performance Condition Satisfied
Class C	The Company achieving an EBIT of at least $2.2m from the sale of Low GI Products	1,800,000	On or before 30 June 2021	5 years from the date of issue	No
Class D	The Company achieving an EBIT of at least $4m from the sale of Low GI Products	900,000	On or before 30 June 2021	5 years from the date of issue	No

On milestone date, the performance conditions for Class C and Class D performance rights were not achieved. Consequently, the share-based payments previously recognised in relation to the performance rights were fully reversed.

Reconciliation of (reversal)/recognition of share-based payments during the year:

	Consolidated 2021 $	Consolidated 2020 $
Recognition of Share-based payment expenses - Options	-	168,170
Reversal of Share-based payment expenses - Performance Rights	(360,109)	-
	(360,109)	168,170

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

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

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

Holista Colltech Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached consolidated financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Dr Rajen Manicka
Executive Chairman, MD and CEO

30 March 2022

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Holista Colltech Limited (the "Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

As referred to Note 1 to the financial statements, the consolidated financial statements have been prepared on a going concern basis. The Group incurred a loss after tax of $1,357,034 and net cash outflow from operating activities of $1,676,068 for the financial year ended 31 December 2021, respectively. As at 31 December 2021, the Group had cash and cash equivalents totalling $1,213,093 and working capital of $2,422,134.

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

Our opinion is not modified in respect of this matter.

Stantons

Key Audit Matters

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

Key Audit Matters	How the matters was addressed in the audit
Revenue recognition	
For the financial year ended 31 December 2021, the Group's sales revenue amounted to $8,023,129 (2020: $7,106,635). The Group earns revenue from different business streams, with each stream having differing revenue recognition points under the Group's revenue recognition policies (Note 4) and Australian Accounting Standards. On the basis of the significance of the amount to the consolidated financial statements and the processes used to determine the recognition point, we have considered revenue recognition as a key audit matter.	Inter alia, our audit procedures included the following: ▪ Obtained a detailed understanding of each of the sources of revenue and the related systems processes for quantifying and recording revenue; ▪ Reviewed the working papers of the component auditor with great care who audited 85% of the total revenue; ▪ Evaluated a sample of contracts, identified performance obligations, and agreed revenue amounts to the records, including supporting billing system and bank records; ▪ Performed cut-off procedures to ensure that the revenue is recognised in the correct period; ▪ Assessed the consistency of the Group's accounting policies in respect of revenue recognition with the criteria prescribed by the applicable standard, AASB 15 *Revenue from contracts with customers*; and ▪ Assessed the adequacy of the related disclosures within the consolidated financial statements.
Allowance for credit losses against trade and other receivables	
As at 31 December 2021, the Group's trade and accounts receivable gross balance amounted to $4,204,820 (2020: $3,784,745). Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses (Note 9). The allowance for expected credit losses represents management's best estimate of the impairment losses incurred at the balance sheet date. The Group assessed impairment on a forward-looking basis and applied the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As at 31 December 2021, the Group recognised allowance for credit losses of $2,409,680 (2020: 2,226,738) for its trade and other receivables.	Inter alia, our audit procedures included the following: ▪ Reviewed the methodology applied in the allowance for credit loss calculation by comparing it to the requirements of AASB 9 *Financial Instruments* and tested key underlying assumptions used by management to calculate the impairment provision; ▪ Held discussions with management and challenged the judgments and estimates used to determine if provision is required with reference to supporting documentation and external evidence where applicable; ▪ Reviewed the working papers of component auditor with great care; and ▪ Assessed the adequacy of the related disclosures within the consolidated financial statements.

Stantons

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

Inventory valuation and existence

As at 31 December 2021, the Group's inventories (excluding stock-in-transit) amounted to $1,108,801 (2020: $982,003).

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

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

Inter alia, our audit procedures included the following:

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

Completeness of provisions

As disclosed in Note 30 to the consolidated financial statements, the Group has on-going litigations against certain third parties and is under regulatory review by ASIC.

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

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

Inter alia, our audit procedures included the following:

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view under Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted under the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on this financial report.

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Holista Colltech Limited for the year ended 31 December 2021 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
30 March 2022

HOLISTA COLLTECH LIMITED
ACN 094 515 992
(Company)

Corporate Governance Statement

This Corporate Governance Statement is current as at 30 March 2022 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company will, as at the date it is admitted to the official list of the ASX, follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations – 4th Edition (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the scale of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage, the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at www.holistaco.com

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 (a) A listed entity should have and disclose a board charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
		The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a Director; and (a) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) The Company has guidelines for the appointment and selection of the Board and senior executives in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director. In the event of an unsatisfactory check, a Director is required to submit their resignation. (b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is personally a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has written agreements with each of its Directors and senior executives.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
Recommendation 1.4 The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibilities and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (i) the measurable objectives set for that period to achieve gender diversity; (ii) the entity's progress towards achieving those objectives; and (iii) either: (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or	YES	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish, achieve and measure diversity objectives, including in respect of gender diversity. The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website. (b) The Diversity Policy allows the Board to set measurable gender diversity objectives and to continually monitor both the objectives and the Company's progress in achieving them. (c) The measurable diversity objectives for each financial year (if any),and the Company's progress in achieving them, will be detailed in the Company's Annual Report (i) the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to the scale of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; (ii) if it becomes necessary to appoint any new Directors or senior executives, the Board will consider the application of the measurable diversity objectives and determined whether, given the small size of the Company and the Board, requlring specified objectectives to be met will unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing the best person for the job; and

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	N/A	(iii) 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) for each financial year will be disclosed in the Company's Annual Report.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	YES	(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
Recommendation 1.7 A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	YES	(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director. The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives (if any) for each financial year in accordance with the applicable processes. At this stage, due to the current size and nature of the existing Board and the scale of the Company's operations, the Company has not appointed any senior executives other than the Executive Director.
Principle 2: Structure the Board to be effective and add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and	PARTIALLY	(a) The Company does not have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		(b) The Company does not have a Nomination Committee as the Board considers that the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure 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: (i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.
Recommendation 2.2 A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.	YES	Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skills matrix setting out the mix of skills that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills to discharge its obligations effectively and to add value and to ensure the Board has the ability to deal with new and emerging business and governance issues. The Company has 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. A copy will be available in the Company's Annual Report. The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience will be available in the Company's Annual Report.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (4th Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and the length of service of each Director	YES	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Board considers there are two independent Directors (b) complies (c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	The Company's Board Charter requires that, where practical, the majority of the Board should be independent. The Board currently comprises a total of 3directors, 2 of whom are considered to be independent. As such, independent directors currently comprise the majority of the Board.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	NO	The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director. The Chair of the Company is not an independent Director and is also the CEO/Managing Director. The Board does not have an independent Chair because it was not feasible due to the company's current size and Board structure.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
Recommendation 2.6 A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.	YES	In accordance with the Company's Board Charter, the Nomination Committee (or, in its absence, 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. The Company Secretary is responsible for facilitating inductions and professional development including receiving briefings on material developments in laws, regulations and accounting standards relevant to the Company.
Principle 3: Instil a culture of acting lawfully, ethically and responsibly		
Recommendation 3.1 A listed entity should articulate and disclose its values.	YES	(a) The Company is committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards. (b) The Company's values are set out in its Code of Conduct (which forms part of the Corporate Governance Plan) and are available on the Company's website. All employees are given appropriate training on the Company's values and senior executives will continually reference such values.
Recommendation 3.2 A listed entity should: (a) have and disclose a code of conduct for its Directors, senior executives and employees; and (b) ensure that the Board or a committee of the Board is informed of any material breaches of that code.	YES	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website. Any material breaches of the Code of Conduct are reported to the Board or a committee of the Board.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
Recommendation 3.3 A listed entity should: (a) have and disclose a whistleblower policy; and (a) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.	YES	The Company's Whistleblower Protection Policy (which forms part of the Corporate Governance Plan) is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.
Recommendation 3.4 A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the Board or committee of the Board is informed of any material breaches of that policy.	YES	The Company's Anti-Bribery and Anti-Corruption Policy (which forms part of the Corporate Governance Plan) is available on the Company's website. Any material breaches of the Anti-Bribery and Anti-Corruption Policy are to be reported to the Board or a committee of the Board.
Principle 4: *Safeguard the integrity of corporate reports*		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	PARTIALLY	(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee with at least three members, all of whom must be non-executive Directors, and majority of the Committee must be independent Directors. The Committee must be chaired by an independent Director who is not the Chair. The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, as well as the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
(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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		(i) the Board devotes time at biannual Board meetings to fulfill the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and (ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	YES	The Company will include in each of its (to the extent that the information contained in the following is not audited or reviewed by an external auditor): (a) annual reports or on its website, a description of the process it undertakes to verify the integrity of the information in its annual directors' report; (b) quarterly reports, or in its annual report or on its website, a description of the process it undertakes to verify the integrity of the information in its quarterly reports; (c) integrated reports, or in its annual report (if that is a separate document to its integrated report) or on its website, a description of the process it undertakes to verify the integrity of the information in its integrated reports; and (d) periodic corporate reports (such as a sustainability or CSR report), or in its annual report or on its website, a

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
		description of the process it undertakes to verify the integrity of the information in these reports.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	YES	(a) The Company's Corporate Governance Plan details the Company's Continuous Disclosure policy. (b) The Corporate Governance Plan, which incorporates the Continuous Disclosure policy, is available on the Company's website.
Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	YES	Under the Company's Continuous Disclosure Policy (which forms part of the Corporate Governance Plan), all members of the Board will receive material market announcements promptly after they have been made.
Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	YES	All substantive investor or analyst presentations will be released on the ASX Markets Announcement Platform ahead of such presentations.
Principle 6: ***Respect the rights of security holders***		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all general meetings, including the annual general meeting of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
		All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	YES	All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	YES	(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee with at least three members, all of whom must be non-executive Directors, and majority of the Committee must be independent Directors. The Committee must be chaired by an independent Director who is not the Chair. A copy of the Corporate Governance Plan is available on the Company's website.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
(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.		(b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework, The Board devotes time at regular board meetings to fulfill the roles and responsibilities with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. (b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the Company's risk management framework has taken place.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	YES	(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor and periodically review the need for an internal audit function, as well as assessing the performance and objectivity of any internal audit procedures that may be in place.

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	YES	The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management to determine whether the Company has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risks. The Company's Corporate Governance Plan requires the Company to disclose whether it has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risk. Where the Company does not have material exposure to environmental or social risks, report the basis for that determination to the Board, and where appropriate benchmark the Company's environmental or social risk profile against its peers. The Company will disclose this information in its Annual Report.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	YES	(a) The Company does not have a Remuneration Committee. The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are be independent Directors, and which must be chaired by an independent Director. (b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive:

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		The Board devotes time at an annual Board meeting to assess the level and composition of remuneration for Directors and senior executives;
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the remuneration report contained in the Company's Annual Report as well as being disclosed on the Company's website.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) The Company does not have an equity-based remuneration scheme. The Company does not 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.
Additional recommendations that apply only in certain cases		
Recommendation 9.1 A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.		Not Applicable
Recommendation 9.2		Not Applicable

RECOMMENDATIONS (4TH EDITION)	COMPLY	EXPLANATION
A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.		
Recommendation 9.3 A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		Not Applicable

Holista Colltech Limited
Shareholder information
31 December 2021

The shareholder information set out below was applicable as at 04 March 2022.

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

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	4,989	-
1,001 to 5,000	184,000	0.07
5,001 to 10,000	1,286,589	0.47
10,001 to 100,000	26,950,573	9.79
100,001 and over	246,922,936	89.67
	275,349,087	100.00
Holding less than a marketable parcel	363	-

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
GALEN BIOMEDICAL INC	58,514,245	21.25
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	43,795,209	15.91
818 CORPORATE PTY LTD (818 A/C)	13,000,000	4.72
MS SARINDERJIT KAUR	9,675,785	3.51
MR ANTHONY ROBERT RAMAGE	7,947,062	2.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,847,019	2.85
CITICORP NOMINEES PTY LIMITED	7,224,138	2.62
MR ROBERT GEMELLI	6,747,243	2.45
FAIRVIEW HOLDINGS PTY LTD (THE MANJULE SUPER A/C)	6,014,285	2.18
123 HOME LOANS PTY LTD	5,965,058	2.17
BNP PARIBAS NOMS PTY LTD (DRP)	5,312,701	1.93
DRISCOLL FUTURE PTY LTD (DRISCOLL SUPER FUND A/C)	3,750,000	1.36
MR HIMMAT SINGH	3,500,000	1.27
CHANDRA SEKARAN P PERUMAL	3,333,333	1.21
MR PETER KLIMIS	1,876,029	0.68
NEWECONOMY COM AU NOMINEES PTY LIMITED (900 ACCOUNT)	1,718,230	0.62
MR KOK SENG CHEN	1,482,459	0.54
DR FATHIL MOHAMED	1,230,000	0.45
GEMELLI HOLDINGS PTY LTD	1,167,773	0.42
MR RAVINDRAN GOVINDAN	1,111,119	0.40
	191,211,688	69.43

Unquoted equity securities
There are no unquoted equity securities.

Holista Colltech Limited
Shareholder information
31 December 2021

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
DR. RAJEN MANICKA	85,735,272	31.14
GLOBAL EHEALTH LIMITED	43,626,621	15.84

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

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

There are no other classes of equity securities.