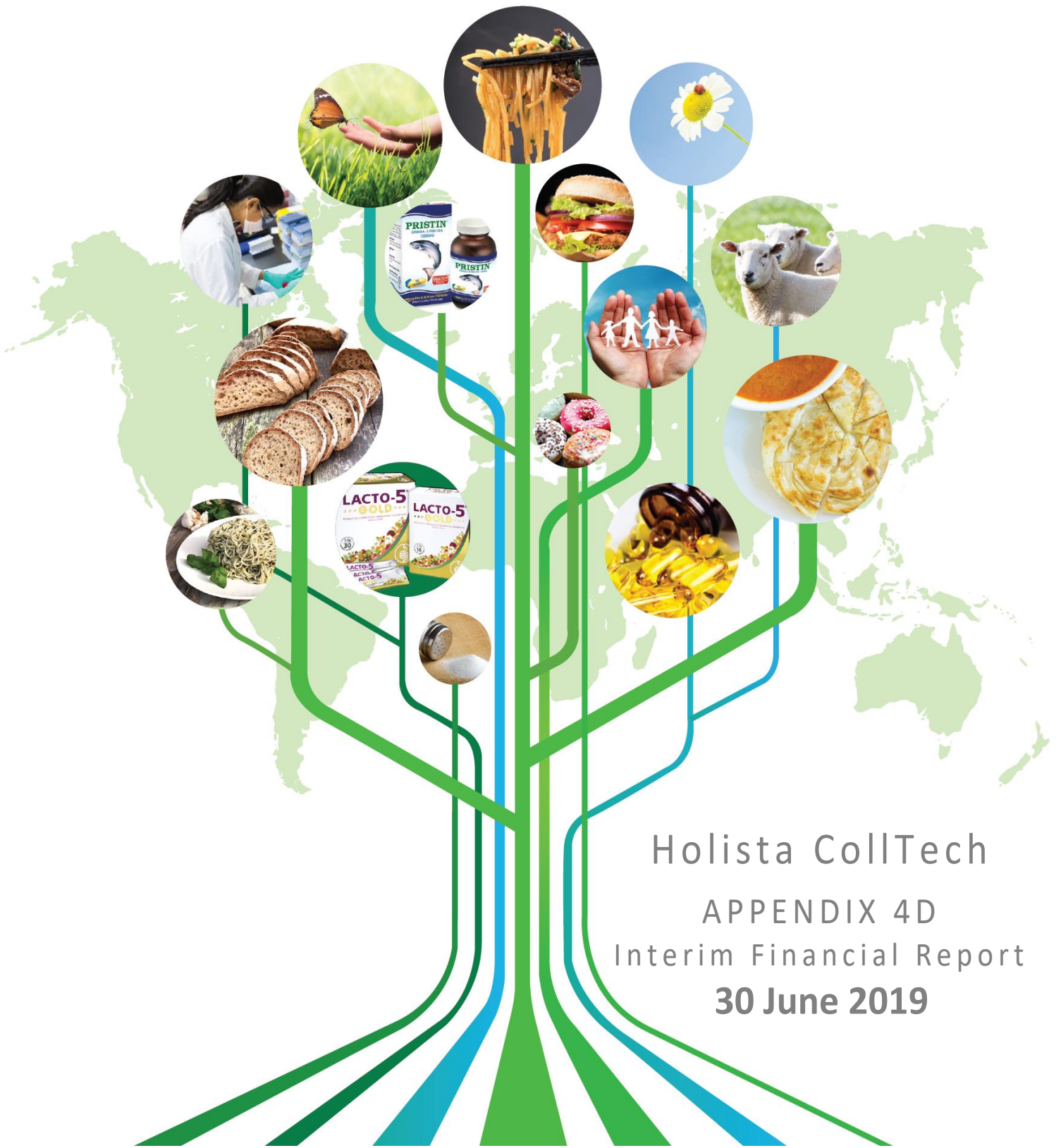


MAKING NATURE WORK FOR YOU, GOING GLOBAL



Holista CollTech
APPENDIX 4D
Interim Financial Report
30 June 2019

Corporate directory**Current Directors**

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

Joint Company Secretary

Mr Jay Stephenson
Mr Brett Fraser

Registered Office

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SUBIACO WA 6008

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WEST PERTH WA 6872

Telephone: +61 (0)8 6141 3500

Facsimile: +61 (0)8 6141 3599

Email: enquiries@holistaco.com

Website: www.holistaco.com

Share Registry

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

Securities Exchange

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

Facsimile: +61 (0)2 9227 0885

Website: www.asx.com.au

ASX Code HCT

Bankers

National Australia Bank
100 St Georges Terrace, Perth WA 6000

Auditors

Stantons International

Street: Level 2, 1 Walker Avenue
WEST PERTH WA 6005, AUSTRALIA

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Results for Announcement to the Market

for the half-year ended 30 June 2019

1	REPORTING PERIOD (item 1)	
	■ Report for the period ended:	30 June 2019
	■ Previous corresponding period is half-year ended:	30 June 2018

2	RESULTS FOR ANNOUNCEMENT TO THE MARKET	Movement	Percentage %	Amount \$
	■ Revenues from ordinary activities (item 2.1)	↓	(24.81) to	3,364,441
	■ Loss from ordinary activities after tax attributable to members (item 2.2)	↓	(72.68) to	(165,026)
	■ Loss for the period attributable to members (item 2.3)	↓	(72.68) to	(165,026)
	a. Dividends (items 2.4 and 5)			
			Amount per Security ¢	Franked amount per security %
	■ Interim dividend		nil	n/a
	■ Final dividend		nil	n/a
	■ Record date for determining entitlements to the dividend (item 2.5)	n/a		
	b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to the following Directors' Report, section 2.2 Financial Review.			

3	DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS
	Nil.
	a. Details of dividend or distribution reinvestment plans in operation are described below (item 6): Not applicable

4	RATIOS	Current period	Previous corresponding period
	a. Financial Information relating to 4b:	\$	\$
	Loss for the period attributable to owners of the parent	(165,026)	(604,028)
	Net assets	4,411,911	4,563,672
	Less: Intangible assets	(912,084)	(954,717)
	Net tangible (liabilities)/assets	3,499,827	3,608,955
		No.	No.
	Fully paid ordinary shares	234,039,087	234,039,087
		¢	¢
	b. Net tangible (liability)/assets backing per share (cents) (item 3):	1.495	1.542

Results for Announcement to the Market

for the half-year ended 30 June 2019

5	DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)		
	a. Control gained over entities		
	■ Name of entities (item 4.1)		Nil
	■ Date(s) of gain of control (item 4.2)		n/a
	b. Loss of control of entities		
	■ Name of entities (item 4.1)		Nil
	■ Date(s) of gain of control (item 4.2)		n/a
	c. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3).		Nil
	d. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		n/a
6	DETAILS OF ASSOCIATES AND JOINT VENTURES: (item 7)		
	■ Name of entities (item 7)		Nil
	■ Percentage holding in each of these entities (item 7)		N/A
		Current period	Previous corresponding period
	■ Aggregate share of profits (losses) of these entities (item 7)	N/A	N/A
7	The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.		
8	<p>The report is based on accounts which have been reviewed by the Company's independent auditor (item 9) and contain the following emphasis of matter:</p> <p><i>"We draw attention to Note 13.1.3 of the financial report, which describes the financial report being prepared on a going concern basis.</i></p> <p><i>The consolidated entity incurred a loss for the half-year of \$205,295. As at 30 June 2019, the Group had cash and cash equivalents totalling \$330,195, net cash inflows from operating activities of \$41,187 and working capital of \$1,809,627. The ability of the consolidated entity to continue as a going concern is subject to the future profitability of the consolidated entity, the ability of management to collect the receivables and sell the inventory. In the event that the consolidated entity is not successful in being profitable, collecting the receivables and selling the inventory, the consolidated entity may not be able to meet their liabilities as and when they fall due and the realisable value of the consolidated entity's assets may be significantly less than book values."</i></p>		

Directors' report

Your directors present their report on the consolidated entity, consisting of Holista Colltech Limited (**Holista Colltech or the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 30 June 2018.

1. Directors

The names of Directors in office at any time during or since the end of the half-year are:

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

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. Operating and financial review

2.1. Operations Review

During the interim financial period, the Group focused on:

- Clean-label, gluten-free formulation
- GI Lite™
- Low-GI sugar (80Less™)

Healthy Food Ingredients

In the interim financial period under review (**1H2019**), the revenue for the Healthy Food Ingredients segment significantly increased by 1043% to \$69,849 as compared to \$6,109 from the six months ended 30 June 2018 (**1H2018**). This was due to the kick-off of the confirmed Express Trading order as the first 20-foot container of low-GI noodles was shipped to China at the beginning of July as a part of the 12-month contract worth \$6 million.

On 10 January 2019, the Group, through its indirect U.S. subsidiary Holista Foods Inc. (**Holista Foods**), secured North American distribution rights for the breakthrough clean-label gluten-free formula developed by its strategic partner, Veripan of Switzerland. This gluten-free formula is available in the form of an all-purpose blend to North American bakeries. The Company is still finalising the formulation with the parties concerned.

On 16 January 2019, Holista CollTech entered into a strategic partnership with Bursa Malaysia-listed Kawan Food Berhad (**Kawan Food**) to produce low-GI Asian flatbreads using its proprietary mix of ingredients GI Lite™. These flatbreads include roti-canai, roti and chapatti with roti-canai to be the first product hitting the stores in Malaysia in November and the U.S. in December of 2019.

On 14 February 2019, the Group introduced its proprietary low-calorie and low-GI sugar formulation, 80Less™, that can replace sugar in every application in solid or liquid form without the loss of sugar's sensory effects. 80Less™ has 80% fewer calories and is a blend of two internationally approved substances, namely, Sucrose (table sugar) and Sucralose (an intense sweetener derived from Sugarcane). One gram of 80Less™ can replace 5g of sugar. Holista is already in discussion with several Malaysian firms, a sizeable Canadian distributor for collaboration.

Apart from this, Holista has low-GI bread, low-GI tortillas and low-GI biscuits in its product pipeline. The Group has been in discussions with various companies for these in Southeast Asia and India. The Group plans to accelerate its market reach for low-GI products, focusing on flour and sugar. Hence, the Group expects this segment to contribute a higher revenue by the end of FY2019.

The Group continue to build sales with Hillary's of Canada, Amazon and get on the shelves of US retail stores. The Group has had to change the packaging to adapt to market requirements and expect the sales to expand further.

Subsequent to the end of 1H2019, Holista won the regulatory approval for its low-GI noodles in South Korea followed by a purchase order of one 20-foot container worth \$21,368, to a Korean company, HWH Global who also worked with Holista to get the approval. Both companies are currently working on a business plan and an exclusivity agreement to take this forward.

The Express Trading order for China, followed by the South Korean regulatory approval along with a contract with HWH Global, marks Holista's entry in two of the largest noodle markets in the world. The company expects active contributions from low-GI noodles in the financial performance of the Healthy Food Ingredients segment for FY2019 and beyond.

Directors' report

Dietary Supplements

Dietary Supplements remained the Group's primary income contributor during the financial period under review. However, the revenue for this segment has decreased by 29% to \$3,128,842 during 1H2019 as compared to \$4,407,164 in 1H 2018. This decrease was due to the festive period of Chinese New Year, which usually causes a drop in sales. Apart from this, the group was out of stock for products PRISTIN Gold and PRISTIN MOPL as the manufacturer couldn't deliver on time. Moreover, the sales from the multi-level marketing business also decreased by about 60% as the business was being consolidated. This decrease was offset by an increase in revenue generated by Sheep Collagen (Ovine) segment and the Healthy Food Ingredient segment.

The Group also has plans to launch a new supplement range specifically for young children and personal healthcare by the second half of this year in Malaysia. This is a sugar free gummy from the PRISTIN franchise.

Sheep Collagen (Ovine)

Similar to the healthy food ingredients segment, this business also increased significantly in revenue by 172% to \$165,750 for 1H2019 as compared to \$61,025 in 1H2018. This increase was due to the collagen plant being back in operation in full capacity after it was closed for maintenance and R&D last year

Holista's cosmetic-grade collagen is getting good traction, and by increasing the specifications, it is expected to deliver higher value-added products. Also, the Group's main focus had always remained on the food and cosmetic grade collagen. However, there is an untapped opportunity for the company in the medical-grade collagen, which will require additional capital expenditure. Hence, the Board is reviewing a strategic fit for the collagen business and how best to unlock the value for this asset.

Investment Holdings

Holista has a 10% shareholding in Global BioLife, Inc. (**Global BioLife**), a subsidiary of Singapore Exchange-listed Singapore eDevelopment Limited. Global BioLife strives to leverage its scientific know-how and intellectual property rights to provide solutions that have been plaguing the biomedical field for decades. Global BioLife is set to manufacture and globally distribute Laetose, a functional sugar possessing low-GI properties with calorie levels that are 30% to 50% lower than regular sugar.

Global Biolife is also taking the development of Holista's low GI sugar – HCT 03 – further.

Global BioLife has completed initial cancer research and trials on Linebacker, a universal therapeutic drug platform designed to combat a range of diseases including neurological and oncological diseases, among others. Global BioLife has also completed trials confirming the efficacy of LB2, an anti-infective drug, against Ebola.

2.2. Financial Review

a. Operating results

For the half-year ended 30 June 2019, the Group delivered a reduction in loss after tax by 75% to \$205,295 loss (30 June 2018: \$834,022 loss) as a result of improved operations, a reversal in the impairment and absence of paper losses attributed to the share-based payments.

The financial statements have 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. Details of the Company's assessment in this regard can be found in Note 13 Statement of significant accounting policies: Going Concern on page 23.

b. Financial position

In the interim financial period under review, the net assets of the Group have decreased by 3% to \$4,411,911 for the six months year ended 30 June 2019, as compared to \$4,563,672 from the period ended 31 December 2018.

As at 30 June 2019, the Group's cash and cash equivalents have decreased by 8% to \$330,195 for the six months year ended 30 June 2019, as compared to \$357,705) and had working capital of \$1,809,627 (31 December 2018: \$2,464,785 working capital).

2.3. Events Subsequent to Reporting Date

Holista won the regulatory approval for its low-GI noodles in South Korea followed by a purchase order of one 20-foot container worth \$21,368 in Korea. HWH who also worked with Holista to get the approval. Both companies are currently working on a business plan and an exclusivity agreement to take this forward

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 8 Events subsequent to reporting date.

Directors' report

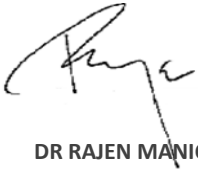
2.4. Future Developments, Prospects and Business Strategies

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

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 30 June 2019 has been received and can be found on page 6 of the interim financial report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001* (Cth).



DR RAJEN MANICKA

Managing Director

Dated this Friday, 30 August 2019

APPENDIX 4D

Interim Financial Report
30 June 2019

HOLISTA COLLTECH LIMITED

AND CONTROLLED ENTITIES

ABN 76 149 278 759

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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30 August 2019

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 review of the financial statements of Holista CollTech Limited for the half year ended 30 June 2019, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Martin Michalik
Director

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International



Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 30 June 2019

	Note	6 months to 30 June 2019 \$	6 months to 30 June 2018 \$
<i>Continuing operations</i>			
Revenue	1	3,364,441	4,474,297
Other income	1	137,913	9,766
		3,502,354	4,484,063
Change in inventories of finished goods and work in progress		330,264	(503,604)
Raw materials and consumables used		(1,918,086)	(1,870,060)
Distribution costs and other costs of sales		(198,771)	(200,987)
Advertising and promotion		(183,053)	(306,043)
Consultancy and professional fees		(206,821)	(252,742)
Depreciation and amortisation		(162,454)	(112,017)
Employment costs		(1,393,876)	(1,534,847)
Finance costs		(34,314)	(44,441)
Foreign exchange (loss) / gain		(8,561)	33,029
Impairment	2.2	511,744	15,095
Research and development		(69,556)	(111,920)
Share-based payments expense	11	(44,890)	(44,890)
Other expenses	2.1	(327,514)	(358,870)
Loss before tax		(203,534)	(808,234)
Income tax expense	3.1	(1,761)	(25,788)
Net Loss for the half-year		(205,295)	(834,022)
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss			
□ Foreign currency movement		29,301	142,682
Other comprehensive income for the half-year, net of tax		29,301	142,682
Total comprehensive income attributable to members of the parent entity		(175,994)	(691,340)
<i>Loss for the period attributable to:</i>			
■ Non-controlling interest		(40,269)	(229,994)
■ Owners of the parent		(165,026)	(604,028)
<i>Total comprehensive Loss attributable to:</i>			
■ Non-controlling interest		(40,269)	(229,994)
■ Owners of the parent		(135,725)	(461,346)
<i>Earnings per share:</i>			
Basic and Diluted Loss per share (cents per share)	10	¢ (0.07)	¢ (0.32)

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

APPENDIX 4DInterim Financial Report
30 June 2019**HOLISTA COLLTECH LIMITED**

AND CONTROLLED ENTITIES

ABN 76 149 278 759

Condensed consolidated statement of financial position

as at 30 June 2019

	Note	30 June 2019 \$	31 December 2018 \$
<i>Current assets</i>			
Cash and cash equivalents	4.1	330,195	357,705
Trade and other receivables	4.2	2,633,768	3,019,017
Inventories	5.1	776,059	442,621
Other current assets	4.3.1	973,571	978,795
Total current assets		4,713,593	4,798,138
<i>Non-current assets</i>			
Property, plant, and equipment	5.2	1,385,770	1,429,087
Intangible assets	5.3	912,084	954,717
Right of use asset	4.6.1	110,736	-
Deferred tax asset	3.3	244,261	231,646
Other non-current assets	4.3.2	528,961	13,844
Total non-current assets		3,181,812	2,629,294
Total assets		7,895,405	7,427,432
<i>Current liabilities</i>			
Trade and other payables	4.4	2,530,495	1,973,888
Borrowings	4.5.1	313,245	349,232
Current tax liability	3.2	7	523
Leases	4.6.2	46,290	-
Provision for employee entitlements	5.4	13,929	9,710
Total current liabilities		2,903,966	2,333,353
<i>Non-current liability</i>			
Borrowings	4.5.2	462,026	530,407
Leases	4.6.2	117,502	-
Total non-current liability		579,528	530,407
Total liabilities		3,483,494	2,863,760
Net assets		4,411,911	4,563,672
<i>Equity</i>			
Issued capital	6.1	14,548,515	14,548,515
Reserves	6.4	2,491,627	4,671,363
Accumulated losses		(11,801,168)	(13,869,412)
Non-controlling interest		(827,063)	(786,794)
Total equity		4,411,911	4,563,672

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

Condensed consolidated statement of changes in equity

for the half-year ended 30 June 2019

	Note	Issued Capital \$	Share-based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non- controlling Interest (NCI) \$	Total \$
<i>Balance at 1 January 2018</i>		11,538,515	4,809,268	(413,435)	(12,257,265)	(193,571)	3,483,512
Loss for the half-year attributable owners of the parent		-	-	-	(604,028)	(229,994)	(834,022)
Other comprehensive income for the period attributable owners of the parent		-	-	142,682	-	-	142,682
Total comprehensive income for the half-year attributable owners of the parent		(604,028)	(229,994)	(691,340)	-	-	(691,340)
<i>Transaction with owners, directly in equity</i>							
Recognition of performance rights	11	-	44,890	-	-	-	44,890
Balance at 30 June 2018		10,934,487	4,624,164	(1,104,775)	(12,257,265)	(193,571)	2,003,040
<i>Balance at 1 January 2019</i>		14,548,515	4,899,791	(228,428)	(13,869,412)	(786,794)	4,563,672
Change in accounting policy	14.1	-	-	-	(20,657)	-	(20,657)
Restated total equity at the beginning of the financial year		14,548,515	4,899,791	(228,428)	(13,890,069)	(786,794)	4,543,015
Loss for the half-year attributable owners of the parent		-	-	-	(165,026)	(40,269)	(205,295)
Other comprehensive income for the half-year attributable owners of the parent		-	-	29,301	-	-	29,301
Total comprehensive income for the half-year attributable owners of the parent		-	-	29,301	(165,026)	(40,269)	(175,994)
<i>Transaction with owners, directly in equity</i>							
Recognition of performance rights	11	-	44,890	-	-	-	44,890
Transfer of expired option balance			(2,272,844)		2,272,844		-
Transfer to and from reserves				18,917	(18,917)		-
Balance at 30 June 2019		14,548,515	2,671,837	(180,210)	(11,801,168)	(827,063)	4,411,911

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

APPENDIX 4DInterim Financial Report
30 June 2019**HOLISTA COLLTECH LIMITED**

AND CONTROLLED ENTITIES

ABN 76 149 278 759

Condensed consolidated statement of cash flows

for the half-year ended 30 June 2019

Note	30 June 2019 \$	30 June 2018 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	3,699,489	3,692,452
Payments to suppliers and employees	(3,744,739)	(3,751,303)
Interest received	3	3
Finance costs	(33,721)	(44,441)
Research and development rebate received	133,678	-
Net income tax received	(13,523)	(20,383)
Net cash generated from / (used in) operating activities	41,187	(123,672)
<i>Cash flows from investing activities</i>		
Purchase of intellectual property	(16,978)	(104,314)
Purchase of property, plant, and equipment	(67,630)	(49,367)
Loans repayments received	73,226	-
(Increase in) / refund from deposits and investments	(3,284)	231,763
Net cash (used in) / generated from investing activities	(14,666)	78,082
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	-	75,243
Repayment of borrowings	(56,153)	-
Net cash (used in) / provided by financing activities	(56,153)	75,243
Net (decrease) / increase in cash held	(29,632)	29,653
Cash and cash equivalents at the beginning of the half-year	357,705	120,982
Change in foreign currency held	2,122	6,933
Cash and cash equivalents at the end of the half-year	330,195	157,568

4.1

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

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

In preparing the 2019 interim financial statements, Holista Colltech Limited has grouped notes into sections under the same key categories as used in the December 2018 Annual Report:

- Section A: How the numbers are calculated.....12
- Section B: Unrecognised items19
- Section C: Other Information.....20

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The presentation of the notes to the financial statements has changed from the prior year and is supported by the IASB’s Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 Presentation of Financial Statements which have provided preparers with more flexibility in presenting the information in their financial reports.

The financial report is presented in Australian dollars, except where otherwise stated.

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.
- (b) analysis and sub-totals.
- (c) information about estimates and judgements made in relation to particular items.

Note	1	Revenue and other income	6 months to 30 June 2019 \$	6 months to 30 June 2018 \$
1.1		Revenue		
		Sale of goods	3,364,441	4,474,297
			3,364,441	4,474,297
1.2		Other Income		
		Interest income	3	3
		Research and development grant income	133,678	-
		Other income	4,232	9,763
			137,913	9,766

Note	2	Loss before income tax	Note	6 months to 30 June 2019 \$	6 months to 30 June 2018 \$
The following significant revenue and expense items are relevant in explaining the financial performance:					
2.1		Other Expenses:			
		■ Compliance and regulatory costs		61,375	76,894
		■ Insurance		29,908	27,526
		■ Other expenses		17,868	13,897
		■ Collie factory maintenance costs		62,770	52,125
		■ Audit fees		46,735	56,368
		■ Office rental expense and occupancy costs		108,858	132,060
				327,514	358,870
2.2		Impairment:			
		■ Doubtful debts recovered		-	(15,095)
		■ Impairment reversal of funds loaned	4.3.2	(511,744)	-
				(511,744)	(15,095)

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

Note 3	Income tax	6 months to 30 June 2019 \$	6 months to 30 June 2018 \$
3.1	Income tax expense		
	Current tax	1,761	25,788
	Deferred tax	-	-
		1,761	25,788
		30 June 2019 \$	31 December 2018 \$
3.2	Current tax liability		
	Foreign Income tax payable	7	523
		7	523
3.3	Deferred tax assets		
	Tax losses	244,261	231,646
		244,261	231,646
	Net deferred tax assets	244,261	231,646

3.4 Key estimates – Taxation

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 company 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.

Note 4 Financial assets and financial liabilities

4.1	Cash and cash equivalents	30 June 2019 \$	31 December 2018 \$
4.1.1	Current		
	Cash at bank	330,195	357,705
		330,195	357,705

Notes to the condensed consolidated financial statements
for the half-year ended 30 June 2019**Note 4 Financial assets and financial liabilities (cont.)**

4.2 Trade and other receivables	Note	30 June 2019 \$	31 December 2018 \$
4.2.1 Current			
Trade receivable	4.2.2	2,039,725	2,379,411
Amounts advanced to a related party	4.2.3	180,623	258,082
Amounts advanced to a third party	4.2.3	294,534	290,301
Other receivables		118,886	91,223
		2,633,768	3,019,017
4.2.2 The average credit period on sales of goods and rendering of services ranges from 30 to 240 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods and rendering of services, 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.			
4.2.3 Amounts advanced to related party \$180,623 (December 2018: \$258,082) and third party of \$294,534 (December 2018: \$290,301) attracts interest at 3% in its first year and 5% in its second year, on accrual basis. Amounts advanced to a related party are repayable on 1 September 2019. Amounts advanced to a third party are presently repayable on demand due to a technical default on the funds advanced.			
4.3 Other financial assets			
4.3.1 Current			
Security deposits	4.3.3	290,996	289,283
Other deposits		80,250	80,165
Prepayments		565,110	548,453
Right of return assets		37,215	60,894
		973,571	978,795
4.3.2 Non-current			
Loans to related parties	4.3.4	528,961	525,588
Less: Impairment	2.2	-	(511,744)
		528,961	13,844
4.3.3 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.			
4.3.4 The balances as at 30 June 2019 and 31 December 2018 are related to funds loans to Galen BioMedical Inc. The loan is supported by shares held in the Company. The Company re-assessed this loan as at 30 June 2019. It was determined that the borrower has sufficient capability to settle the loan; accordingly the impairment was reverse.			

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

Note 4 Financial assets and financial liabilities (cont.)

4.4 Trade and other payables		30 June 2019 \$	31 December 2018 \$
4.4.1 Current			
<i>Unsecured</i>			
Trade payables		1,386,921	715,796
Accruals	4.4.2	271,096	499,778
Advance deposits and deferred revenue	4.4.4	453,958	386,017
Amounts due to Directors	4.4.3	39,000	21,000
Dividends payable		24,556	24,400
Refund liability		252,767	312,407
Other payables		102,197	14,490
		2,530,495	1,973,888

4.4.2 Included in the accruals is deferred revenue amounting of \$54,873 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.

4.4.3 Amounts due to Directors are comprised of \$39,000 (31 December 2018: \$21,000) due to Mr Chan in respect to accrued director fees.

During the 31 December 2018 year, the Company settled \$438,371 (Dr Manicka: \$362,661; and Mr Chan: \$75,710) in respect to director fees and loans accrued up to August 2018. The Company issued 6,262,444 shares (Dr Manicka: 5,180,872; and Mr Chan 1,081,572) in respect to this settlement.

4.4.4 **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 Company updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

4.5 Interest-bearing loans and borrowings		30 June 2019 \$	31 December 2018 \$
4.5.1 Current			
Banker's acceptance		254,123	269,743
Term loan		59,122	58,434
Hire purchase contracts	14.1	-	21,055
		313,245	349,232
4.5.2 Non-current			
Term loan		462,026	487,960
Hire purchase contracts	14.1	-	42,447
		462,026	530,407

Notes to the condensed consolidated financial statements
for the half-year ended 30 June 2019**Note 4 Financial assets and financial liabilities (cont.)**

4.6 Leases	Note	30 June 2019 \$	31 December 2018 \$
4.6.1 Right of use assets			
Properties	14.1	89,447	-
Motor vehicles	14.1	21,289	-
		110,736	-
4.6.2 Lease liabilities			
Current	14.1	46,290	-
Non-current	14.1	117,502	-
		163,792	-

Note 5 Non-financial assets and financial liabilities

5.1 Inventories		30 June 2019 \$	31 December 2018 \$
Raw materials - at cost		394,108	141,996
Finished goods - at cost		381,951	300,625
		776,059	442,621
5.2 Property, plant, and equipment			
	Note	30 June 2019 \$	31 December 2018 \$
Freehold land and buildings		2,563,531	2,557,156
Accumulated depreciation and impairment	5.2.1	(1,784,925)	(1,765,969)
		778,606	791,187
Plant and equipment		2,021,127	1,952,920
Accumulated depreciation		(1,413,963)	(1,339,206)
		607,164	613,714
Motor vehicles	14.1	-	156,642
Accumulated depreciation	14.1	-	(132,456)
		-	24,186
Total plant and equipment		1,385,770	1,429,087

5.2.1 Impairment Disclosure*Collagen Extraction Facility in Collie, Western Australia*

This facility was built on land subject to a 20 years lease entered into in June 2004. The facility buildings have a carrying value of \$nil as at 30 June 2019 (31 December 2018: \$nil).

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

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

5.3 Intangible assets	Note	30 June 2019 \$	31 December 2018 \$
Goodwill		571,807	568,161
Patents and licences	5.3.1	503,534	510,905
Accumulated amortisation		(163,257)	(124,349)
		912,084	954,717

5.3.1 Included in the intangible assets is payment made to ATM Metabolics of \$255,030 (USD180,000) for use of the brand *Emulin Plus* as per term sheet entered into on 6 December 2015. Exclusive Product Management and Distribution Agreement was signed on 9 January 2017.

The Company has filed a counter law suit against ATM Metabolics (refer also in Note 9 Contingent liabilities) alleging it had violated the terms of the agreement. The Company continues to sell under the trademark of *Emulin Plus*.

5.3.2 Key estimates – Impairment of goodwill

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.

5.4 Provisions	30 June 2019 \$	31 December 2018 \$
Provision for employee entitlements	13,929	9,710
	13,929	9,710

Note 6 Equity

6.1 Issued capital	Note	30 June 2019 No.	31 December 2018 No.	30 June 2019 \$	31 December 2018 \$
Fully paid ordinary shares at no par value		234,039,087	234,039,087	14,548,515	14,550,576
		6 months to 30 June 2019 No.	12 months to 31 December 2018 No.	6 months to 30 June 2019 No.	12 months to 31 December 2018 No.
6.1.1 Ordinary shares					
At the beginning of the year		234,039,087	184,039,087	14,548,515	11,538,515
Shares issued during the year:					
■ 06.02.18 Placement	6.1.2	-	6,500,000	-	10,000
■ 06.08.18 Issue at \$0.07		-	33,737,556	-	2,361,631
■ 06.08.18 Issue at \$0.07	4.4.3	-	6,262,444	-	438,369
■ 17.10.18 Options ex. at \$0.06	6.3	-	3,500,000	-	210,000
Transaction costs relating to share issues		-	-	-	(10,000)
At reporting date		234,039,087	234,039,087	14,548,515	14,548,515

6.1.2 On 6 February 2018, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. As collateral for the CPA, the Company issued 6,500,000 shares.

Notes to the condensed consolidated financial statements
for the half-year ended 30 June 2019**Note 6 Equity (cont.)**

6.2 Performance shares		2019	2018
		No.	No.
	Performance shares	9,000,000	9,000,000
6.3 Options		6 months to	12 months to
		30 June	31 December
		2019	2018
		No.	No.
	At beginning of the year	34,954,205	46,362,616
	■ Expired Options	(3,954,205)	(7,908,411)
	Options exercised at 6 cents per share	-	(3,500,000)
	At reporting date	31,000,000	34,954,205
6.4 Reserves		30 June	31 December
		2019	2018
		\$	\$
	Foreign currency translation reserve	(180,210)	(228,428)
	Share-based payment reserve	2,671,837	4,899,791
		2,491,627	4,671,363

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

SECTION B. UNRECOGNISED ITEMS

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 7 Commitments

The Group has no material commitments as at 30 June 2019 (30 June 2018: nil)

Note 8 Events subsequent to reporting date

Subsequent to the end of 1H2019, Holista won the regulatory approval for its low-GI noodles in South Korea followed by a purchase order of one 20-foot container worth \$21,368, to a Korean company, HWH Global who also worked with Holista to get the approval. Both companies are currently working on a business plan and an exclusivity agreement to take this forward.

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

Note 9 Contingent liabilities

ATM Metabolics filed a claim for unspecified damages the Company in May 2018 in relation to alleged to a breach of contract/warranty. The Company has disclaimed liability and is defending the action. It is not practical to estimate the potential effect of this claim but legal advice indicates that it is not probable that a significant liability will arise. The Company has filed a counter law suit alleging ATM Metabolics had violated the terms of the agreement.

There are no other contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

SECTION C. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note	10	Earnings per share (EPS)	Note	6 months to 30 June 2019 \$	6 months to 30 June 2018 \$
10.1		Reconciliation of earnings to profit or loss			
		Loss for the half-year		(205,295)	(834,022)
		Less: loss attributable to non-controlling equity interest		(40,269)	(229,994)
		Loss used in the calculation of basic and diluted EPS		(165,026)	(604,028)
				30 June 2019 No.	30 June 2018 No.
10.2		Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		234,039,087	189,239,087
				30 June 2019 ¢	30 June 2018 ¢
10.3		Earnings per share			
		Basic EPS (cents per share)	10.4	(0.07)	(0.32)
		Diluted EPS (cents per share)	10.4	N/A	N/A
10.4		As at 30 June 2019, the Group has 31,000,000 unissued shares under options (30 June 2019: 34,954,205) and 9,000,000 performance shares on issue (2017: 9,000,000). The Group does not report diluted earnings per share on losses generated by the Group. During the half-year ended 30 June 2019, the Group's unissued shares under option and performance shares were anti-dilutive.			

Note	11	Share-based payments	6 months to 30 June 2019 \$	6 months to 30 June 2018 \$
		Share-based payment expense	44,890	44,890
		Gross share-based payments	44,890	44,890

11.1.1 Key estimate

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed above.

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

Note 12 Operating segments

12.1 Segment Performance

	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Corporate \$	Total \$
Half-Year ended 30 June 2019					
Revenue					
■ External sales	3,128,842	165,750	69,849	-	3,364,441
■ Other revenue	-	-	-	137,913	137,913
Total segment revenue	3,128,842	165,750	69,849	137,913	3,502,354
<i>Reconciliation of segment revenue to group revenue:</i>					
Total group revenue and other income					3,502,354
Segment Profit / (Loss) from continuing operations before tax	(129,471)	(258,332)	(266,230)	450,499	(203,534)
Loss before income tax					(203,534)
Half-Year ended 30 June 2018					
Revenue					
■ External sales	4,407,163	61,025	6,109	-	4,474,297
■ Other revenue	-	-	-	9,766	9,766
Total segment revenue	4,407,163	61,025	6,109	9,766	4,484,063
<i>Reconciliation of segment revenue to group revenue:</i>					
■ Intra-segment eliminations					-
Total group revenue and other income					4,484,063
Segment Profit / (Loss) from continuing operations before tax	941,863	(262,728)	(339,957)	(1,147,412)	(808,234)
<i>Reconciliation of segment loss to group loss:</i>					
Loss before income tax					(808,234)

Notes to the condensed consolidated financial statements
for the half-year ended 30 June 2019**Note 12 Operating segments (cont.)****12.2 Segment Financial Position**

At as 30 June 2019	Supplements \$	Sheep Collagen \$	Food Ingredients \$	Corporate \$	Total \$
Segment Assets	5,320,926	6,171,737	1,156,678	-	12,649,341
<i>Reconciliation of segment assets to group assets:</i>					
■ Intra-segment eliminations					(4,753,936)
Total assets					7,895,405
Segment Liabilities	1,334,190	1,746,623	2,601,284	-	5,682,097
<i>Reconciliation of segment liabilities to group liabilities</i>					
■ Intra-segment eliminations					(2,198,603)
Total liabilities					3,483,494
As at 31 December 2018					
Segment Assets	5,361,905	5,915,794	621,638	-	11,899,337
<i>Reconciliation of segment assets to group assets:</i>					
■ Intra-segment eliminations					(4,471,905)
Total assets					7,427,432
Segment Liabilities	1,366,962	1,174,106	2,224,204	-	4,765,272
<i>Reconciliation of segment liabilities to group liabilities</i>					
■ Intra-segment eliminations					(1,901,512)
Total liabilities					2,863,760

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

Note 13 Statement of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

13.1 Basis of preparation**13.1.1 Reporting Entity**

Holista Colltech Limited (**Holista** or the **Company**) is a listed public company limited by shares, domiciled and incorporated in Australia. This interim financial report is intended to provide users with an update on the latest annual financial statements of Holista Colltech Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 31 December 2018, together with any public announcements made during the half-year.

13.1.2 Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue on 30 August 2019 by the directors of the Company.

13.1.3 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 for the year of \$205,295 (June 2018: \$834,022 loss) and a net cash in-flow from operating activities of \$41,187 (June 2018: \$123,672 out-flow). As at 30 June 2019, the Company working capital of \$1,809,627 (Dec 2018: \$2,464,785 working capital).

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.

While the Group is optimistic that its Malaysian and Australian revenue will continue to grow and contribute positively in the future, it does realise the risk should the Group fail to generate sufficient positive cash flows and/or obtain funding when required. There is significant uncertainty as to whether the Group will continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

13.1.4 Comparative figures

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

13.1.5 New and Amended Standards Adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 *Leases*.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 14 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

13.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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.

Notes to the condensed consolidated financial statements

for the half-year ended 30 June 2019

Note 13 Statement of significant accounting policies

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

13.2.1 Critical Accounting Estimates and Judgments

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.

- a. Key judgements and estimates – Share-based payments

Refer Note 11 Share-based payments.

- b. Key estimate – Taxation

Refer Note 3 Income Tax.

- c. Key estimate – Impairment of goodwill

Refer Note 5.3 Intangible assets.

- d. Key estimate – Deferred revenue for customer loyalty points

Refer Note 4.4 Trade and other payables.

Note 14 Effects of Changes in Accounting Policy

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 14.2 following. The Group has adopted AASB 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

14.1 Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as *operating leases* under AASB117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.50%.

	30 June 2019 \$
<i>Operating lease commitments disclosed as at 31 December 2018</i>	51,720
Discounted using the lessee's incremental borrowing rate of at the date of initial application	63,157
Add: finance lease liabilities recognised as at 31 December 2018	53,426
(Less): short-term leases recognised on a straight-line basis as expense	-
(Less): low-value leases recognised on a straight-line basis as expense	-
(Less): contracts reassessed as service agreements	-
Add/(less): adjustments as a result of a different treatment of extension and termination options	47,209
Lease liability recognised as at 30 June 2019	163,792
Of which are:	
■ Current lease liabilities	16,528
■ Non-current lease liabilities	147,264
	163,792

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 14 Effects of Changes in Accounting Policy (cont.)

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 \$	1 January 2019 \$
Properties	89,447	97,564
Motor vehicles	21,189	24,186
Total right-of-use assets	110,636	121,750

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by \$121,750
- property, plant, and equipment – decrease by \$63,502
- borrowings – decrease by \$63,502
- lease liabilities – increase by \$181,339

The net impact on retained earnings on 1 January 2019 was a decrease of \$20,657.

14.1.1 Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

14.2 The group’s leasing activities and how these are accounted for

The group leases various offices, warehouses, factory equipment, and cars. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 14 Effects of Changes in Accounting Policy (cont.)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

14.2.1 Key estimates – Extension and termination options

An extension options is included in a property lease of Group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension option held is exercisable only by the Group and not by the respective lessor.

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). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of \$47,210.

Note 15 Company details

The registered office of the Company is:

Address:

Street: 283 Rokeby Road
SUBIACO WA 6008

Postal: PO Box 52
WEST PERTH WA 6872

Telephone: +61 (0)8 6141 3500

Facsimile: +61 (0)8 6141 3599

Directors' declaration

The Directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 7 to 26, are in accordance with the *Corporations Act 2001 (Cth)* and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the half-year ended on that date of the Company.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001 (Cth)* and is signed for and on behalf of the directors by:



DR RAJEN MANICKA

Managing Director

Dated this Friday, 30 August 2019

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
HOLISTA COLLTECH LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Holista CollTech Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Holista CollTech Limited, (the consolidated entity). The consolidated entity comprises both Holista CollTech Limited, (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Holista CollTech Limited, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Holista CollTech Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Holista CollTech Limited, on 30 August 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Holista CollTech Limited, is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 13.1.3 of the financial report, which describes the financial report being prepared on a going concern basis.

The consolidated entity incurred a loss for the half-year of \$205,295. As at 30 June 2019, the Group had cash and cash equivalents totalling \$330,195, net cash inflows from operating activities of \$41,187 and working capital of \$1,809,627. The ability of the consolidated entity to continue as a going concern is subject to the future profitability of the consolidated entity, the ability of management to collect the receivables and sell the inventory. In the event that the consolidated entity is not successful in being profitable, collecting the receivables and selling the inventory, the consolidated entity may not be able to meet their liabilities as and when they fall due and the realisable value of the consolidated entity's assets may be significantly less than book values.

Our conclusion is not modified in respect of this matter.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
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Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
30 August 2019

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