

Annual Report 2007 | *Collagen for the world*

Corporate Directory

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Directors

Mr Stephen Carter
Non-Executive Chairman

Mr Michael Pixley
CEO / Executive Director

Dr Anna Kluczevska
Non-Executive Director

Mr Gregg Mastroianni
Non-Executive Director

Company Secretary

Mr Glen Brune
Chief Financial Officer

Registered Office

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Share Register

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Facsimile: (+618) 9323 2033

Stock Exchange

ASX: CAU

Bankers

National Australia Bank
Perth Central BBC
1/50 St Georges Terrace, Perth, WA, 6000

Auditors

HLB Mann Judd
15 Rheola Street, West Perth, WA, 6005

Solicitors

Blakiston & Crabb
1202 Hay Street, West Perth, WA, 6005

Internet Website

www.colltech.com.au

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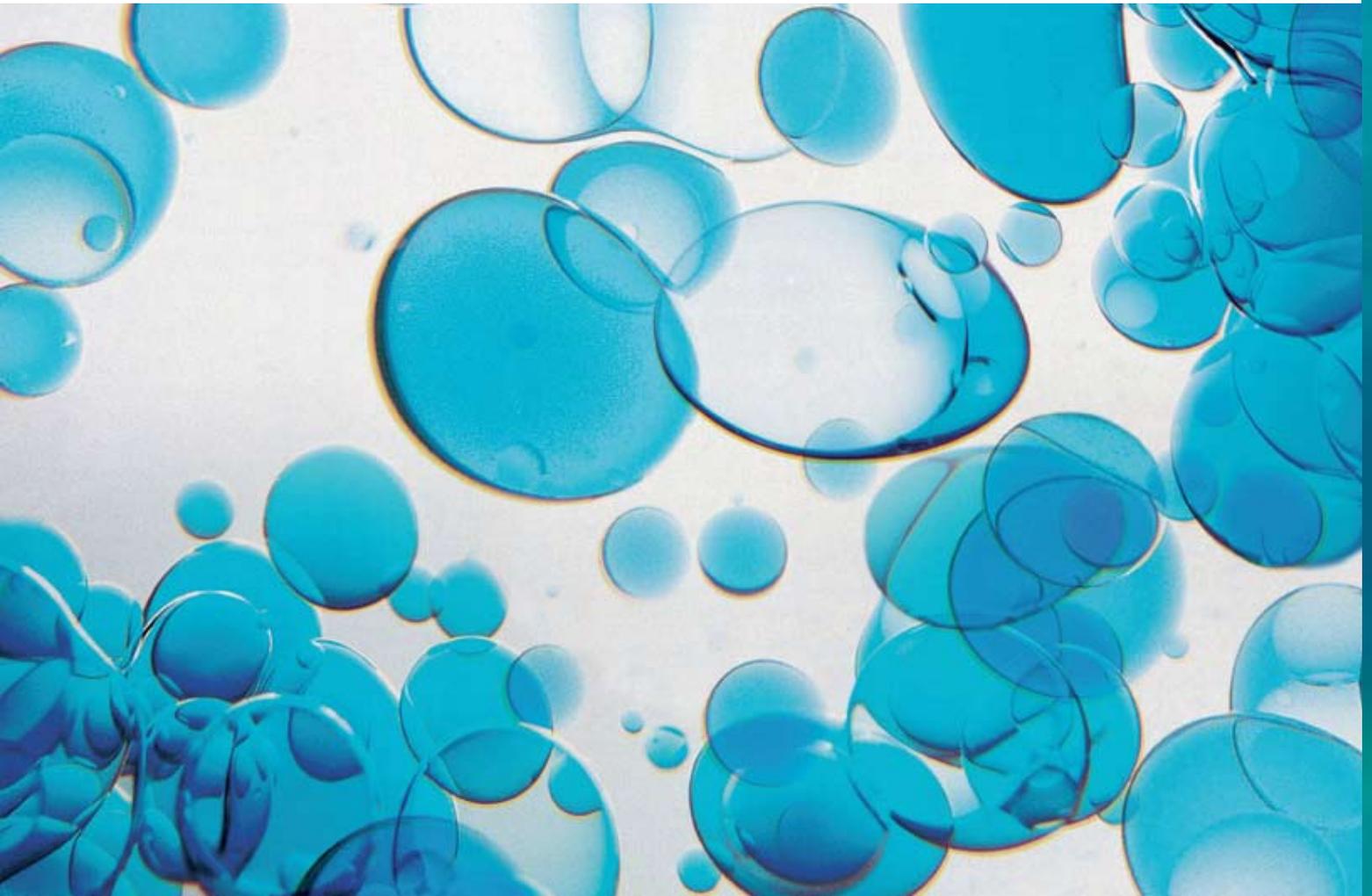
Annual General Meeting

The Board has convened the annual general meeting to be held at 12pm (WDST) on the 21st November 2007 at the Celtic Club, 48 Ord Street, West Perth, Perth, Western Australia.

Company Overview

CollTech Australia Limited (ASX:CAU) is an Australian listed bio-industrial company specialising in the development and commercialisation of sheep collagen and collagen-based healthcare products.

The company is committed to establishing its biomaterials division as a leading global supplier of high quality collagen and to building strategic alliances to develop and commercialise collagen-based cosmetic and medical products that advance healthcare. CollTech's Australian-produced OVICOLL[®] ovine collagen is a safe and culturally acceptable collagen source that is fully traceable and unaffected by the issue of Mad Cow Disease. The company currently markets OVICOLL[®]|C and OVICOLL[®]|Clear for cosmetic applications and has several products in the pipeline for medical applications.



Chairman's Report

On behalf of the Board of directors I am pleased to present you with our annual report on the company's activities for the 2006/2007 year. Below is a summary of the milestones and activities for the year and I would recommend that you read the following Operations Review for a more detailed view of your company.

2006/2007 has been a year of change, consolidation and growth for CollTech with the company's focus moving from development activities to commercialisation of our products.

Mid 2006 CollTech released its first Cosmetic product OVICOLL®|C and then in the latter part of 2006 we released our second cosmetic product OVICOLL®|Clear. We now have a number of large international cosmetic companies formulating new products using the OVICOLL® range of cosmetic Ovine Collagens and expect to see new product launches in USA, Europe, India, China and SE Asia during the next 6 months.

Whilst sales are now starting to be achieved the sales have not been as large or as rapid as the company had originally anticipated. The Marketing team have been attending trade shows, meeting with distributors and potential customers, whilst developing our brand presence and sales program. As we have moved forward the company has developed a much greater understanding of the sales cycle and now is in a much stronger position to forecast the timing of the future sales growth of the products. It is our belief that the forecast sales will be achieved.

Our research and development team has been completing the development of our research grade OVICOLL®|R which is due for release later this year and developing our pivotal Medical grade Collagen, OVICOLL®|M.

We have developed prototype medical membranes and sponges with our ovine collagen and entered into research collaborations with leading groups to develop our first medical products.

Operationally we have moved from a development company to a production company. We have released two new products, will be releasing the third ovine collage product OVICOLL®|R and are awaiting certification of our new Halal cosmetic grade collagen for the Islamic markets. We have introduced significant cost reductions, strengthened our supply chain and built inventory to satisfy forecast sales.

CollTech has built a strong foundation to move forward via a strong management and operational team, a modern production facility operated by skilled and dedicated staff combined with a world class distribution network with distributors now in place in six (6) countries and with late stage negotiations ongoing with distributors in another four (4) key markets. The Board of directors brings together a diverse and complementary group of skills with a strong focus on growing the company.

I would like to thank Dr Deborah Cooper and her dedicated team for their effort, and my fellow board members in moving the company forward through this exciting period of CollTech's development. I would like to also thank you, our shareholders, for your ongoing support.

Kind Regards



Stephen Carter
CHAIRMAN



Operations Review

CollTech Australia Limited “Collagen for the world”

After a year of substantial progress and sales focus CollTech is poised to make a significant impact on the cosmetic market.

Strategic initiatives

In this past year CollTech has turned its focus to sales of its cosmetic products making strategic sales trips, attending relevant trade shows and signing quality distributors within Asia. Biomedical development is ongoing and remains on schedule.

The company successfully raised \$2,813.268 (net of fees) through the last financial year.

The board has been strengthened by the appointment of Mr Gregg Mastroianni in April 2007. Dr Deborah Cooper was appointed Acting General Manager in January 2007 and Mr Glenn Smith was appointed Sales Director in May 2007.

The market – A significant global opportunity

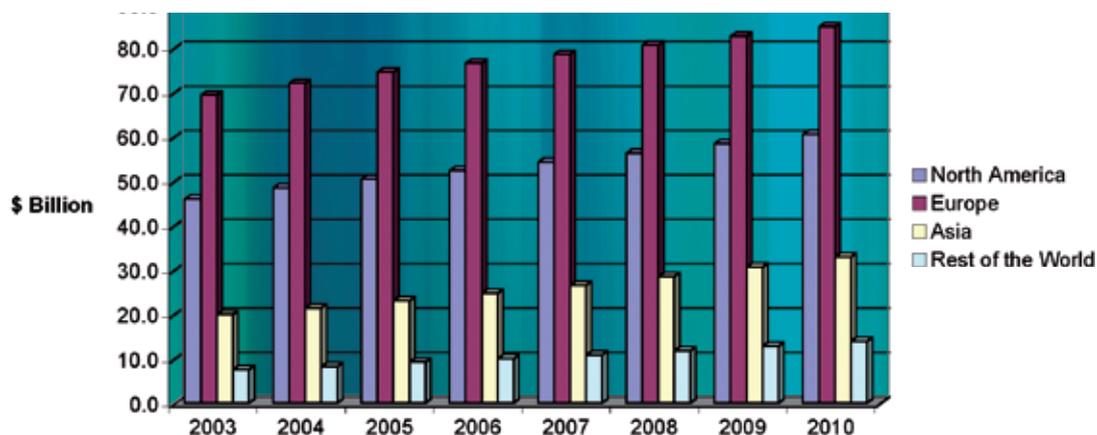
“As population’s age, the global demand for quality cosmetics products that actually work is growing. Collagen is a proven performer and OVICOLL® is meeting that demand”

Collagen is a widely-used ingredient in cosmetic skin care, haircare and toiletry products, where it is valued for its moisturizing and film-forming properties. The value of this market alone is US\$15.9billion dollars. With global sales for all classes of cosmetics valued at US\$157billion dollars (2005) CollTech’s unique Ovine collagen has entered a lucrative market.



Global market for cosmetics & toiletries by region (USD Billion)

	2003	2004	2005	2006	2007	2008	2009	2010	AAGR% 2005-2010
North America	46.0	48.3	50.5	52.3	54.3	56.3	58.3	60.5	3.7
Europe	69.3	72.0	74.5	76.5	78.5	80.5	82.6	84.8	2.6
Asia	19.8	21.3	23.0	24.7	26.5	28.4	30.6	32.8	7.4
Rest of the World	7.5	8.1	9.1	9.9	10.8	11.7	12.7	13.8	8.6
Total	142.8	150.0	157.2	163.6	170.2	177.1	184.4	192.1	4.1



Figures from Business Communication Company, Chemicals for Cosmetics and Toiletries Connecticut: Business Communications Company Research; 2005

Operations Review *continued*

Our year – New products, new markets and new rewards

“CollTech is in its first year of sales and our goal is to cement the OVICOLL® range as the preeminent collagen in the cosmetics and toiletries industry. We believe this will allow the company to build substantial and sustained revenue for future prosperity of all CollTech’s stakeholders.”

The year saw the launch of CollTech’s lead products OVICOLL®|C and OVICOLL®|Clear. Both products target different market segments of the significant global cosmetics and toiletries industry through their unique product attributes:

OVICOLL®|C – an opaque (white) collagen solution suitable for use in a variety of skin care, toiletry and haircare products inherently containing moisturizing fatty acids.

OVICOLL®|Clear – a clear, high purity collagen solution for use in the manufacture of premium cosmetics and cosmeceuticals due to its exceptional clarity and monomeric nature.

The company’s strategy is to select partners with scale, resources and local market knowledge to improve our speed of market penetration, while ensuring our resources remain focused on the provision of high level training and support. CollTech has successfully secured distribution agreements in: Taiwan, Thailand, Singapore, Malaysia, Indonesia and Vietnam.



Letters of Intent

- India
- Spain
- Italy
- Korea
- Poland

Distribution Agreements

- Taiwan
- Thailand
- Singapore
- Malaysia
- Indonesia
- Vietnam

Behn Myer is confident that: “Thailand will provide a unique and growing opportunity for CollTech due to the cosmetic formulators and manufacturers of Thailand’s enthusiastic acceptance of OVICOLL® and their indicated purchase intentions.”

The company has also successfully engaged partners with “Letters of Intent” that work towards defined distribution agreements in: Korea, India, Italy and Spain.

Ziko’s General Manager Mr Sung-Kyu Lee, states: “We are excited about the opportunity of distributing such a high quality and unique product to the Korean cosmetic industry.”

OVICOLL® is in cosmetic products and the manufacturers love it!

“Manufacturers are now our biggest supporters once they test with and recognise the significant benefits of formulating with OVICOLL®.”

Collagen is widely considered as the best material for moisturisation of the skin, as skin loses its own collagen with the ageing process. As such the inclusion of collagen in cosmetics is seen to give these products the potential to delay the signs of aging.

Through our network of distributors and via direct engagement with cosmetic manufacturers OVICOLL® has been test formulated and market tested during the year. The feedback has been overwhelmingly positive and the end products developed provide superior performance as cosmetic manufacturer feedback demonstrates.

Formulator, Jeanette Kemert, advises: “As a formulator I have used many different types of collagen. But few have the flexibility, purity and overall effectiveness of OVICOLL®. I find OVICOLL®|Clear especially unique as it produces a perfectly clear gel which is often difficult to achieve with other types of collagen”

Our Marketing and Sales team have worked closely with distributors and cosmetic manufacturers educating and assisting them in the development of products that use OVICOLL®. Products using OVICOLL® are sold in countries from Australia to Taiwan.

Country	Actions	Outcomes
Taiwan	Distributor: Elgin Corporation • First order placed and received	<ul style="list-style-type: none"> • Rose Crown Enterprise has developed and commercialised a line of OVICOLL® based beauty products. • Training seminar for formulators presented in July 2007. • 7 OEM manufacturers and cosmetics companies have accepted samples and are testing OVICOLL® at present time.
Thailand	Distributor: Behn Meyer Chemical (T) Co. Ltd	<ul style="list-style-type: none"> • 19 OEM manufacturers and cosmetics companies have been presented with OVICOLL® products. • All 19 companies have accepted samples for evaluation. • 2 manufacturers have successfully formulated their line of end products which are currently under evaluation by the end customer. • 7 manufacturers and cosmetics companies are developing new product concepts by formulating with OVICOLL® products.
South Korea	Distributor: Ziko Ltd	<ul style="list-style-type: none"> • 4 skincare manufacturers are evaluating OVICOLL® in their formulations. • Successful formulation by Kolmar Korea who expect to launch a new line of skincare products in February 2008 containing OVICOLL®. Formulated products are undergoing stability testing at present time.
Singapore, Malaysia, Indonesia and Vietnam	Distributor: Nardev Chemie Pte Ltd • First order placed and received.	<ul style="list-style-type: none"> • 3 OEM manufacturers and cosmetic companies in Singapore and 2 cosmetic companies in Malaysia have been presented with OVICOLL® products. • Samples have been accepted for evaluation by all. • Halal OVICOLL® will be well-received in Malaysia and Indonesia due to the wide Islamic customer base.
Poland	Distributor: Beauty Essence • First order placed and received.	<ul style="list-style-type: none"> • OVICOLL® products are targeted at beauty and spa salons.

Operations Review *continued*



Rose Crown's Manager, Daisy Lee, comments:

"We are so pleased with the successful formulation of OVICOLL® collagen in our range of hand creams and face masks that we have developed two new products using CollTech's unique collagen."

Our ongoing competitive advantages

A Unique and Proprietary Process - CollTech's patented process and technology has made sheepskins a viable collagen source for the first time and provides a sustainable competitive advantage over suppliers of bovine and porcine collagen.

Disease-free collagen - CollTech's collagen is sourced from veterinary controlled, certified and traceable livestock in a geographical location, recognised by key regulatory authorities as free from transmissible spongiform encephalopathies (TSE).

Cultural Acceptance – There is no known cultural group who would object to the use of ovine products.

Excellent Moisturiser – CollTech's ovine collagen is presented with an intact, full length molecular structure, retaining the tertiary structure of the protein which is critical to its moisturizing properties.

High Purity - The purity of OVICOLL® products is very high optimizing function and reducing impurities which are an issue for formulators.

OVICOLL® leading the way

OVICOLLs® superiority is demonstrated below in the competitor comparison table.

COLLAGEN	OVICOLL®	Bovine	Plant	Marine	Porcine
Source	Sheep	Cow	Various	Fish	Pig
Tissue	Skin	Skin	Hydrolysed protein**	Scales	Skin
Market perception	Novel	Unsafe	Acceptable	Good	Acceptable
Type	I/III	I/III	NA**	I/III	I/III
Price	Affordable	Highly competitive	Affordable	High	Highly competitive
Disease issue (including Scrapie)	No	BSE	Not Recorded	No	No
Market acceptance	Yes	No – Hindu	Yes	Yes	No – Islam & Jewish
Traceability/QA*	Yes	Yes	No	No	Yes
Purity*	High	High	NA**	Good	Good
Monomer %*	Excellent	Good	NA**	Low	Good
Thermal stability	High	High	Low	Low	High
Water regain	High	High	Low	Average	High

* Manufacturer dependent

** Collagen as a protein does not occur naturally in plants. Products which claim to be plant collagens are frequently a mixture of hydrolysed proteins derived from typically wheat or soy sources.

Our future is “Healthy”

CollTech has distribution partners in place and is receiving orders. Revenue is being generated and the year ahead will see increased customers and revenues due to the hard work of establishing OVICOLL® in the marketplace this year. We believe in our products and now our distributors and cosmetic manufacturers also do. This only bodes well for the future prosperity of CollTech.

Manufacturing

Ongoing improvements in manufacturing processes have been implemented throughout the year increasing plant output with substantial cost reductions. The filtration process for OVICOLL®|Clear is now automated and able to run 24/7. The supply chain has been significantly strengthened by optimisation of sheep skin types to provide the highest yield and supply secured for these optimal skins. Scale up of production processes has allowed product inventory to be built to target levels to support sales initiatives. Plant capacity has been proven, allowing the company to meet forecast product volumes without significant increases in risk or capital expenditure.

CollTech's product has been supplied, and well received, to a US sausage manufacturer for development trials and also to R&D to provide for testing and manufacture of end product samples. The establishment of manufacturing capabilities to produce OVICOLL®|R are on target to manufacture product for launch by the end of 2007.

A Halal acceptable product has been manufactured and awaits certification.

Operations Review *continued*

Research and development

Cosmetic grade

CollTech's R&D team has been adding their weight to the sales effort by participating in sales trips, providing technical training to distributors, fielding technical questions related to formulation, publishing articles in trade magazines and submitting abstracts for presentation at key trade events.

The R&D team has also provided product support by mediating testing by independent bodies to demonstrate the safety and efficacy of CollTech's products.

OVICOLL®|C and OVICOLL®|Clear have been proven to be non-primary sensitizers or irritants to human skin and ovine collagen demonstrated to be a very good moisturiser of human skin.

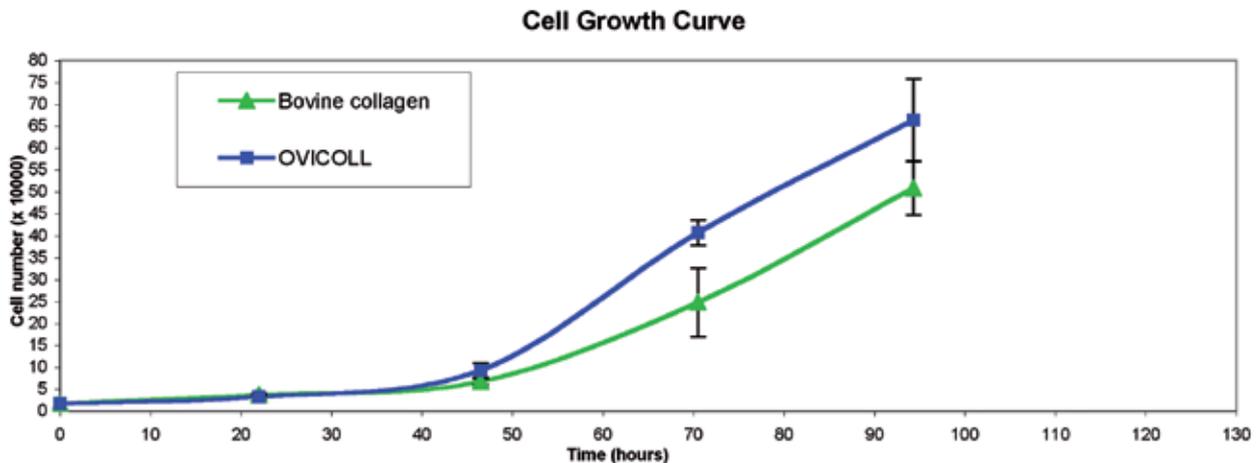
Stability testing and further efficacy testing is ongoing for these cosmetic products as well as comparative studies of ovine collagen structure and function with bovine, marine and plant products.

A process to produce Halal acceptable cosmetic products was also developed by the R&D team through implementation of an alternative enzyme for digestion of pelts. This new product to the CollTech portfolio awaits certification prior to release to interested markets such as Malaysia.

Research grade

CollTech's next product in the pipeline, OVICOLL®|R for research purposes, is on schedule for release in November 2007.

The R&D team has successfully developed a sterile, 0.3% collagen solution with specifications suiting it for use in cell culture applications. The product has been tested for compatibility with several different cell types, including skin cells, vascular cells and neuronal cells, and demonstrates no cellular cytotoxicity and an ability to support cell growth and adhesion comparable with that of competitor products. The development of this product is an important step toward the lucrative biomedical grade.



Biomedical grade

A regulatory strategy for CollTech's biomedical collagen products has been developed in conjunction with international, independent consultants. CollTech is using this regulatory advice, alongside ASTM guidelines for characterisation of collagen as a starting material for implantable tissue-engineered medical products, to evaluate its collagen product. This testing is ongoing but the programme is on schedule for release of biomedical grade collagen in 2008.

Biomedical collagen is used in different formats for different applications i.e. membranes for cell delivery or surgical barrier, sponges for haemostat, etc. CollTech has developed prototypes of both membrane and sponge formats to illustrate the capability for ovine collagen to be formulated this way.



Collaborations and partnerships

- CollTech will embark on its first biomedical product development programme in conjunction with the biomaterials division of CSIRO in 2008.
- Insoluble collagen has been provided under a Material Transfer Agreement to a university group researching ovine arthritis.
- OVICOLL®|Clear and OVICOLL®|R have been provided under a Material Transfer Agreement to a UK wound company for the development of novel products for wound healing.
- A Material Transfer Agreement is under negotiation with a Korean company to provide research grade collagen for development of a dental membrane prototype.
- Sheep pelts used in the production of food grade collagen have been provided under a Material Transfer Agreement for evaluation by a major US sausage casings manufacturer.
- A university research team is involved with assessing the use of CollTech's ovine collagen in neuronal development assays.

Outlook

With two products already on the market, a Halal product and research grade collagen on schedule for release this calendar year and biomedical grade collagen on track for release in 2008, the future looks promising for CollTech. Collaborative relationships have been initiated to further the development of biomedical products and the foundation of our sales network laid. With a solid year of sales visits and market development behind us we are confident that 2008 will bring the rewards we have all been working toward.

Directors' Report

Your directors present their report on the Company for the financial year ended 30 June 2007:

Directors

The names, qualifications and experience of directors in office during the financial year and until the date of this report are as follows:



Mr Stephen Carter

FAIMAICD MRACI

Position:

Chairman — Non-Executive
(appointed 1 January 2006)

Experience: Mr Carter has significant international pharmaceutical experience with strengths in commissioning Good Manufacturing Practice (GMP) facilities, managing clinical, regulatory and IP programs and the funding and promotion of public listed pharmaceutical companies. Mr Carter has previously held senior management positions with pharmaceutical companies Delta West, Upjohn, Pharmacia and Solbec Pharmaceuticals. Mr Carter is currently involved in a number of public and private companies and brings to CollTech the ability to operate at the interface of technology and commerce in rapidly growing companies.



Mr Michael Pixley

BBus

Position:

Director – Executive (appointed
28 September, 2006)
Chief Executive Officer
(appointed 13 February 2004)

Experience: Mr Pixley has more than twenty years international management experience with strengths in strategic corporate development, entrepreneurial leadership and business and product development across a broad range of industries. As a merchant banker, Mr Pixley successfully completed numerous joint ventures and acquisitions, and in other leadership positions managed and commissioned several greenfield construction projects and led start-up companies to IPO. Mr Pixley is currently a director of Natural Fuel Ltd and has previously held overseas directorships with Transocean Securities, Co-don Asia Pacific, CPI Inc and Imagine Interactive Pte Ltd.



Dr Anna Kluczewska

BDS

Position:

Director — Non-Executive
(appointed 6 August 2003)

Experience: Dr Kluczewska is a qualified dental surgeon with significant experience in the biotechnology and healthcare industry including start-up, general and operations management, IP development, capital raising and investor relations. Currently CEO/President of molecular imaging company AION Diagnostics, Dr Kluczewska was former global product manager for Baxter Healthcare's BioSurgery division where she oversaw the management of products in over 50 countries, successfully obtained product registration and covered the company's collagen product portfolio.



Mr Gregg Mastroianni

Position:

Director — Non-Executive
(appointed 3 April 2007)

Experience: Mr Mastroianni has over thirty-five years of international sales and marketing experience in the health sciences industry, including twenty-seven years with health care giant Johnson and Johnson. During this time Mr Mastroianni has developed extensive skills in developing new markets, establishing successful distribution channels, Business to Business (B2B) operations management and managing sales teams to provide improved performance whilst increasing margins and volumes. Mr Mastroianni is currently Vice President of Sales and Marketing for Brisbane-based AGEN Biomedical.



Dr John Snowden

BSc(Hons) PhD

Position:

Director — Non-Executive
(resigned 28 November 2006)

Experience: Dr Snowden was a founding Director and the inventor of the CollTech IP. He is an authority on collagen technology with nearly 30 years experience in collagen research at Harvard University, University of London and Australian National University.

Management



Dr Deborah Cooper

BSc(Hons) MSc PhD

Position:

Acting General Manager

(from 26 January 2007)

Chief Scientific Officer

(appointed 28 November 2005)

Experience: Dr Cooper has more than fifteen years R&D experience in biotech and academia, including clinical manufacturing and Quality Assurance. She has previously worked for tissue engineering companies such as Clinical Cell Culture (C3) and Verigen Australia (Genzyme subsidiary). Dr Cooper holds a Bachelor of Science awarded with Honours from London University, a Master of Science in Immunology from Birmingham University and a PhD in cellular immunology from Cambridge University.



Mr Glen Brune

BBus FCPA MAICD

Position:

Company Secretary/Chief

Financial Officer

(appointed 28 August 2006)

Experience: Mr Brune has over twenty years commercial experience in accounting, finance and corporate management. He has held various senior executive positions as Finance Director, CFO and Company Secretary in public, private and multinational companies. He was a key player in the international expansion of a cosmetic distribution company, and more recently consulted to a number of manufacturing organisations to improve their business systems.



Mr Glenn Smith

BA Econ MBA

Position:

Sales Director

(appointed 21 May 2007)

Experience: Mr Smith has over fifteen years experience in the healthcare, biotechnology, medical device and telecommunications sectors. He was GM and Director of Marketing & Sales for Resonance Health Limited, a diversified healthcare company where he was responsible for developing, implementing and directing their worldwide marketing and sales strategy. Mr Smith was also CEO for TRI-MED Australia, the commercial entity founded by Nobel Prize winning gastroenterologist, Prof. Barry Marshall and has lead the commercialisation of ophthalmic technologies for the world-renowned eye research organisation, the Lions Eye Institute.

Corporate structure and principal activities

CollTech Australia Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company's business involves the production and sale of high-grade collagen and other biomaterials from animal sources in Australia. There were no significant changes in the nature of the Company's principal activities during the financial year.

Directors' Report *continued*

Operating and financial review

Financial results

CollTech reported a net loss after income tax for the reporting period ended 30 June 2007 of \$2,788,392 up 33.5% on the previous year (2006: \$2,087,921).

Revenues from ordinary activities were \$135,358 (2006: \$171,338). The majority of the revenue is from interest received.

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

Operational review

It has been a year of significant progress for CollTech with the launch and sales of its first cosmetic product OVICOLL[®]|C and the completion of development, launch and sales of its second cosmeceutical product, OVICOLL[®]|Clear. Distributors have been appointed for these products, trade shows attended and final products are being formulated by customers using ovine collagen.

The R&D team is on track to release research grade OVICOLL[®]|R by end of 2007 having successfully developed a 0.3% sterile product which is mycoplasma free, endotoxin tested and comparable to other commercial collagens in its ability to support cell growth.

CollTech has entered into material transfer agreements with a major US sausage casings manufacturer and also with a UK biotechnology company specialising in wound care. These represent significant opportunities for the entry of CollTech's ovine collagen into the food and wound care markets.

CollTech successfully completed a capital raising of \$1,034,113 (net of fees) in May 2007.

In April 2007 the Board was strengthened by the appointment of Mr Gregg Mastroianni. In January 2007 Dr Deborah Cooper who was responsible for the development and production of commercial batches of OVICOLL[®]|C and OVICOLL[®]|Clear was appointed Acting General Manager. Mr Glenn Smith was appointed Sales Director in May 2007 as part of the executive management team.

Marketing and sales

The past financial year saw the launch of CollTech's world-leading Australian-produced ovine (sheep) collagen. The products were launched into the cosmetics and toiletries industry under the brand names OVICOLL[®]|C and OVICOLL[®]|Clear.

CollTech's strategy to commercialise the OVICOLL[®]|C range was one of engaging local distribution partners that would improve the speed of market penetration. Selection of partners with scale, resources and local market knowledge occurred in Taiwan, Thailand, Singapore, Malaysia, Vietnam, Indonesia and South Korea with minimum volume sales amounts set for these partners.

This strategy also allowed for CollTech to engage cosmetic manufacturers with the assistance of our local partners. As a consequence, cosmetic manufacturers undertook product development and scientific/consumer testing trials using the OVICOLL[®] range. Initial and increasing purchases from these manufacturers through our local partners are expected during 2007/2008.

Additionally through 2007/2008 CollTech will expand its marketing and sales focus within the cosmetics and toiletries industry in the key markets of Europe, the US, India and China. Engagement of potential partners and product developers for CollTech's medical grade (OVICOLL[®]|M) collagen will occur in line with the expanded marketing and sales activities prior to the launch of these products in 2008. Launch of CollTech's research grade collagen, OVICOLL[®]|R is scheduled for late 2007.

Operating and financial *continued*

Manufacturing

Manufacturing of OVICOLL®|C continued throughout the year with the process further refined to enhance product quality and improve manufacturing efficiencies. Filtration equipment for OVICOLL®|Clear was commissioned and the manufacturing process was demonstrated to be viable at commercial scale in December 2006. The process has been scaled up and refined to increase plant output and yield.

Research and development

CollTech's R&D activities have focussed on safety and efficacy studies of current cosmetic products and development of OVICOLL®|R, CollTech's research grade product with the following outcomes:

- OVICOLL®|C and OVICOLL®|Clear were classified as non-primary sensitisers or irritants to human skin when tested by an independent US laboratory emphasising their safety as cosmetic ingredients.
- OVICOLL®|C and OVICOLL®|Clear were classified as very good skin moisturisers demonstrating ~ 30% improvement in skin moisture when tested by an international dermatology laboratory and thus illustrating efficacy of CollTech's cosmetic products.
- OVICOLL®|R has been developed as a sterile, research grade material and will be released by end of 2007. This product is endotoxin tested, mycoplasma free and supports the growth of several cell types used in therapeutics.
- Biomedical prototypes were developed using ovine collagen in a sponge and membrane format.

Intellectual property

CollTech's core patent family entitled 'Collagen and Method for Producing Same' provides market protection for its novel industrial process for the extraction and purification of collagen from an ovine source until 2023.

In the last year the South African patent was granted and eight other patent applications are pending in jurisdictions including USA and Europe.

A second provisional patent application was lodged in December 2006 entitled 'Process for Extracting Impurities from Biopolymers' to further strengthen our Intellectual Property.

Significant changes in state of affairs

During the year the company progressively shifted its focus to marketing and sales of its unique ovine collagen having successfully developed and manufactured OVICOLL®. CollTech has worked closely with independent international testing organisations to provide technical data to support the commercialisation of its cosmetic range of unique ovine collagens.

During March, April and May 2007 CollTech representatives attended conferences in China, the US, Europe and the Middle East promoting its products and signing distribution agreements within key markets. The Company is presently working closely with distributors of cosmetic/cosmeceutical ingredients and their customers to assist with formulating and developing products using OVICOLL®.

With the Company's cosmetic range of collagens developed and being commercialised the Company has been able to focus on development of its research and medical grade OVICOLL®.

Other than the matters raised above there were no significant changes in the state of affairs of the Company during the financial year.

Directors' Report *continued*

Significant events after balance date

Subsequent to the year end the Company received \$403,816 (net of fees) via a private placement of 7,264,675 ordinary shares issued at six cents per share to institutional and sophisticated investors as approved at the general meeting held on 29 June 2007. In addition, following Mr Glenn Smith's appointment as executive responsible for sales and marketing he was issued with 650,000 options that are exercisable at various times prior to their expiry date being three years from the date of grant.

In August 2007 the Company was granted its patent in China, an important market for CollTech.

Except for the above developments, no matters or circumstance have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments

CollTech is excited by the prospects of growing its diverse customer base throughout Asia, Europe and USA via world renowned distributors of cosmetic ingredients. As OVICOLL[®] is placed in more and more cosmetic products the Company anticipates it will have a sustained income to support the business as it expands its product range. During September 2007 CollTech visited customers/prospective customers in South East Asia, China, India, Europe, UK and USA. It is expected this will lead to the company finalising negotiations for distribution of OVICOLL[®] in more regions and expanding its customer base.

During the year CollTech has advanced the development of its research grade collagen and is in discussion with several companies to develop medical devices to use medical grade ovine collagen. CollTech has signed a material transfer agreement with CellTran, a company spun-out of Sheffield University specialising in innovative wound healing technologies, for the development of novel products. CollTech continues to seek other opportunities to licence its technology and biomedical collagens to manufacturing and pharmaceutical partners for the development of collagen-based end-products using its unique ovine collagen.

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

Environmental regulation and performance

CollTech has operated under environmental licence 7998/1 issued by the Western Australian Department of Environment as prescribed under the Environmental Protection Act 1986. The licence relates to collagen extraction and purification, waste water storage and wastewater disposal pipeline to the Collie Power Station marine disposal outfall tank.

During the financial year the Company's operations were materially conducted in accordance with the guidelines of that licence.

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

Interests in the shares and options of the company

Shareholdings	Balance 1 July 2006	Received as Remuneration	Options Exercised *	Net Change Other	Balance 30 June 2007	
Number of shares held by Specified Directors and Executives:						
Specified Directors						
Mr Stephen Carter	75,000	-	-	346,519	421,519	
Mr Michael Pixley	6,600,000	-	-	-	6,600,000	
Dr Anna Kluczevska	132,600	-	-	-	132,600	
Mr Gregg Mastroianni	-	-	-	-	-	
Dr John Snowden	7,200,000	-	-	(200,000)	7,000,000	
	14,007,600	-	-	146,519	14,154,119	
Specified Executives						
Dr Deborah Cooper	-	-	-	-	-	
Mr Glen Brune	-	-	-	678,337	678,337	
Dr Leeearne Hinch	982,641	-	-	560,000	1,542,641	
Mr Mathew Whyte	-	-	-	-	-	
	982,641	-	-	1,238,337	2,220,978	
Total	14,990,241	-	-	1,384,856	16,375,097	

* No shares have been issued on exercise of any remuneration options.

Option Holdings	Balance 1 July 2006	Received as Remuneration	Options Exercised *	Net Change Other	Balance 30 June 2007	Total Vested 30 June 2007
Number of options held by Specified Directors and Executives:						
Specified Directors						
Mr Stephen Carter	2,200,000	-	-	-	2,200,000	2,200,000
Mr Michael Pixley	2,900,000	-	-	(2,900,000)	-	-
Dr Anna Kluczevska	870,000	-	-	(870,000)	-	-
Mr Gregg Mastroianni*	-	-	-	-	-	-
Dr John Snowden	2,900,000	-	-	(2,900,000)	-	-
	8,870,000	-	-	(6,670,000)	2,200,000	2,200,000
Specified Executives						
Dr Deborah Cooper	650,000	350,000	-	-	1,000,000	740,000
Mr Glen Brune	-	650,000	-	-	650,000	130,000
Dr Leeearne Hinch	1,300,000	-	(260,000)	-	1,040,000	1,040,000
Mr Mathew Whyte	650,000	-	-	-	650,000	390,000
	2,600,000	1,000,000	(260,000)	-	3,340,000	2,300,000
Total	11,470,000	1,000,000	(260,000)	(6,670,000)	5,540,000	4,500,000

* Mr Gregg Mastroianni has been offered 2,000,000 options at an exercise price of 10 cents, which are subject to approval at the annual general meeting to be held on 21 November 2007.

Directors' Report *continued*

Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the directors and officers for any breach of laws and regulations arising from their role as directors and officers to the maximum extent permissible at law. The total amount of premiums paid during the year was \$19,022 (2006: \$12,680).

Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of CollTech Australia Limited (the "Company").

A Principles used to determine the nature and amount of remuneration

Remuneration philosophy

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

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

Remuneration committee

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

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

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 a general meeting of members 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.

The remuneration of non-executive directors for the period ended 30 June 2007 is detailed in Table 1 below.

Senior manager remuneration

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

Fixed remuneration

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

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

The fixed remuneration component of the senior managers is detailed in Table 2 on the following page.

Remuneration report *continued*

Variable remuneration

The Company's primary activities during the past financial year, and focus of variable remuneration, has been sale of product, streamlining business operations, manufacturing of product and product development of its OVICOLL[®] cosmetic, research and medical grade collagens.

The aggregate of annual payments available for executives across the Company is subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus in the following reporting period.

The Company also makes long term incentive payments to reward senior executives in the form of the employee share option plan, refer below.

Employee share option plan

The Company believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's Employee Share Option Plan.

The Company has adopted the CollTech Employee Share Option Plan for the purpose of recognising the efforts of, and providing incentives to, employees of the Company. Options are granted under the Employee Share Option Plan for no consideration. Options are granted for a three year period and entitlements to the options are vested and made exercisable in defined tranches to reflect the Company's development strategy and align the interests of directors and executives to those of shareholders. Options are granted to directors and executives taking into account a number of factors, including the amount and term of options previously granted, base salary and competitive factors.

Further details of the employee share option plan are included in Note 22.

Directors' Report *continued*

Remuneration report *continued*

B Details of remuneration (this information has been audited)

Details of the remuneration of each specified director and executive were as follows:

Table 1: Non-executive Directors' remuneration:

	Year Ended 30 June	Primary				Equity	Other	Total
		Salary, Fees & Commissions	Super- annuation	Cash Bonus	Non-Cash Benefits	Options		
		\$	\$	\$	\$	\$	\$	\$
Mr Stephen Carter	2007	65,000	5,850	-	-	-	-	70,850
	2006	29,167	2,625	-	-	78,760	-	110,552
Dr Anna Kluczevska	2007	30,250	2,723	-	-	-	-	32,973
	2006	25,000	2,250	-	-	22,185	-	49,435
Mr Gregg Mastroianni	2007	6,667	600	-	-	-	-	7,267
	2006	-	-	-	-	-	-	-
Dr John Snowden	2007	11,583	1,043	-	-	-	-	12,626
	2006	25,000	2,250	-	-	-	-	27,250
Mr Michael Blakiston	2007	-	-	-	-	-	-	-
	2006	32,500	2,925	-	-	-	-	35,425
Total	2007	113,500	10,216	-	-	-	-	123,716
	2006	111,667	10,050	-	-	100,945	-	222,662

Table 2: Executives' remuneration:

	Year Ended 30 June	Primary				Equity	Other	Total
		Salary, Fees & Commissions	Super- annuation	Cash Bonus	Non-Cash Benefits	Options		
		\$	\$	\$	\$	\$	\$	\$
Mr Michael Pixley (Executive Director)	2007	73,000	6,570	-	-	-	-	79,570
	2006	80,000	7,200	-	-	-	-	87,200
Dr Deborah Cooper	2007	162,499	14,625	10,000	-	20,540	-	207,664
	2006	87,500	7,875	-	-	1,170	-	96,545
Mr Glen Brune	2007	133,674	12,031	10,000	-	3,640	-	159,345
	2006	-	-	-	-	-	-	-
Dr Leearne Hinch	2007	150,124	13,511	50,000	-	-	102,375	316,010
	2006	150,000	13,500	-	-	31,330	-	194,830
Mr Mathew Whyte	2007	35,795	3,222	-	4,165	-	-	43,182
	2006	133,334	13,108	-	9,116	-	-	155,558
Total	2007	555,092	49,959	70,000	4,165	24,180	102,375	805,771
	2006	450,834	41,683	-	9,116	32,500	-	534,133

No proportion of the above directors' and executives' remuneration was related to the performance of the Company.

Table 3: Options granted as part of remuneration for the year ended 30 June 2007:

	Terms & conditions for each grant								
	Grant Date	Grant Number	Vested Number during Year	Fair Value per Option - Grant Date*	Exercise Price	Exercised Number	Value per option at Exercise Date	Value at date option lapsed	% of Remuneration
Specified Directors and Executives									
Dr Deborah Cooper	02/08/06	350,000	350,000	\$0.052	\$0.10	N/A	N/A	N/A	9.9%
Mr Glen Brune	09/02/07	650,000	130,000	\$0.028	\$0.10	N/A	N/A	N/A	2.3%

Details of the vesting of these options are as follows:

- a) Options granted to Dr Cooper, for no consideration were fully vested on the date they were granted:
- b) Options granted to Mr Brune, for no consideration, will vest as follows:
 - (i) 130,000 on date of grant.
 - (ii) 260,000 (40%) 12 months after (i) above and after achievement of KPI's for FY2007.
 - (iii) 260,000 (40%) 12 months after (ii) above and after achievement of KPI's for FY2008.

* Fair values of options granted as part of senior management remuneration have been valued using a Black-Scholes option pricing model, which takes into account a number of factors including the option exercise price, the current level and volatility of the underlying share price, the share price at grant date, the risk-free interest rate and expected life of the option. The model inputs for each of these options are provided in a table under Note 22.

C Executives' employment contract information

Details of additional employment contract information for executives is provided below:

	Mr Michael Pixley	Dr Deborah Cooper	Mr Glen Brune
a) Commencement date	13 February, 2004	29 Nov, 2004	28 Aug, 2006
b) Termination date of contract	No fixed date.	No fixed date.	No fixed date.
c) Period of notice for resignation/termination	3 months	3 months	3 months
d) 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.		
e) Termination - without cause	The Agreements with the Executives provides for the termination of the agreement by paying a severance payment of up to three months in addition to notice period.		

Directors' Report *continued*

Directors' meetings

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

	Meetings of Committees			
	Director	Audit	Remuneration	Nomination
Number of meetings held:	8	2	1	2
Number of meetings attended:				
Mr Stephen Carter	8	2	1	2
Mr Michael Pixley	6	1	-	1
Dr Anna Kluczevska	7	2	1	2
Mr Gregg Mastroianni	2	-	-	-
Dr John Snowden	3	-	1	1

For the reporting period, Mr Pixley and Mr Mastroianni attended all meetings since their appointment to the Board. Dr Snowden resigned from the Board on 28 November 2006.

Auditor independence and non-audit services

Auditor independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out below and forms part of this directors' report for the year ended 30 June 2007.

Non-audit services

During the year ended 30 June 2007 our auditors, HLB Mann Judd, did not receive any payment for the provision of non-audit services.

Signed in accordance with a resolution of the directors.



Stephen Carter
Chairman

Perth, Western Australia
August 31, 2007

Auditor's independence declaration

As lead auditor for the audit of the financial report of CollTech Australia Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CollTech Australia Limited.



L Di Giallonardo
Partner, HLB Mann Judd

Perth, Western Australia
August 31, 2007



Accountants | Business and Financial Advisers

Corporate Governance Statement

Statement

In accordance with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("**ASX Principles and Recommendations**"), CollTech Australia Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at www.colltech.com.au. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

Explanations for departures from best practice recommendations

During the Company's 2006/2007 financial year ("**Reporting Period**") the Company has complied with each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

Principle 2 - Recommendations 2.4: The Board should establish a Nomination Committee

Notification of departure:

There is no separate Nomination Committee.

Explanation for departure:

The full Board considers those matters that would usually be the responsibility of a nomination committee. Given that the Board comprises only four directors, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. The Board has adopted a Nomination Committee Charter which it applies, as relevant. While the Nomination Committee Charter provides for the Board to meet at least annually, in practice the Board discusses nomination matters from time to time, as required.

Principle 4 - Recommendations 4.2 and 4.3: The Board should establish an Audit Committee and structure it in accordance with Recommendation 4.3

Notification of departure:

A separate audit committee has not been formed and therefore is not structured in accordance with the compositional recommendation.

Explanation for departure:

The full Board carries out the role of an audit committee. Therefore, as the Board is currently comprised, an executive participates in audit discussions. Further, Mr Carter maintains the chair during such meetings. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee. The Board takes appropriate measures to ensure the integrity of the accounts. These measures include convening as the audit committee separate from regular meetings of the Board. The Board has also adopted an Audit Committee Charter, which it applies when convening as the audit committee.

Corporate Governance Statement *continued*

Principle 9 - Recommendations 9.2: The Board should establish a Remuneration Committee

Notification of departure:

There is no separate Remuneration Committee.

Explanation of departure:

The full Board considers those matters that would usually be the responsibility of a remuneration committee. Given that the Board comprises only four directors, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. The Board has adopted a Remuneration Committee Charter which it applies, as relevant. While the Remuneration Committee Charter provides for the Board to meet at least annually, in practice the Board discusses remuneration matters from time to time, as required.

Nomination committee

The full Board, in its capacity as the Nomination Committee, held two meetings during the Reporting Period. The following table identifies the attendance of each Board member at those meetings:

Name	No. of meetings attended
Stephen Carter	2
Dr Anna Kluczevska	2
Michael Pixley	1
Gregg Mastroianni	-
Dr John Snowden	1

Mr Mastroianni was not appointed to the Board when the meetings were held and therefore did not attend. Similarly, Mr Pixley's and Dr Snowden's attendance at only one of the two meetings was as a result of a meeting occurring outside of the time of their appointments to the Board.

Audit committee

The full Board, in its capacity as the Audit Committee, held two meetings during the Reporting Period. The following table identifies the attendance of each Board member at those meetings:

Name	No. of meetings attended
Stephen Carter	2
Dr Anna Kluczevska	2
Michael Pixley	1
Gregg Mastroianni	-
Dr John Snowden	-

Messrs Pixley and Mastroianni did not attend all meetings as those meetings occurred outside of the time of their appointments to the Board. Only one of the meetings occurred outside of the time of Dr Snowden's appointment to the Board.

Details of each of the director's qualifications are set out in the Director's Report.

While none of the directors have formal financial qualifications, the Board has substantial industry knowledge and experience. Each director considers themselves to be financially literate. Further, the Company's Audit Committee Charter provides that the Board meet with the external auditor without management present, as required.

Remuneration committee

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. The following table identifies the attendance of each Board member at that meeting:

Name	No. of meetings attended
Stephen Carter	1
Dr Anna Kluczevska	1
Michael Pixley	-
Gregg Mastroianni	-
Dr John Snowden	1

Messrs Pixley's and Mastroianni's non-attendance was as a result of that meeting having occurred outside of the time of their appointments to the Board.

Other

Skills, experience, expertise and term of office of each director

A profile of each director containing the skills, experience, expertise and term of office of each director is set out in the Directors' Report.

Identification of independent directors

In considering the independence of directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations ("Independence Criteria"). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Applying the Independence Criteria, the independent directors of the Company are Stephen Carter, Dr Anna Kluczevska and Gregg Mastroianni.

In the interests of disclosure, through his consultancy company, Mr Carter provides expertise and know-how in relation to the Company's business, which service is provided at normal commercial rates. Notwithstanding the relationship between Mr Carter and the Company, the Company does not consider that relevant materiality thresholds are exceeded and therefore Mr Carter is not impeded from exercising independent judgment in his role as director.

Statement concerning availability of independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance evaluation of the Board and its members have taken place and how conducted

During the reporting period Board members were required to complete a questionnaire regarding the chairman's role, the role of the Board as a whole and the Board's performance on a range of topics and procedures. Directors were also required to consider their individual responsibilities. The role of chief executive officer as well as the relationship the chief executive officer has with the Board is also included in the questionnaire.

Existence and terms of any schemes for retirement benefits for non-executive directors

There are no termination or retirement benefits for non-executive directors.

Income Statement

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Revenue	2	135,358	171,338
Depreciation expense	3	(218,465)	(260,283)
Borrowing costs expense	3	(63,696)	(70,278)
Share based payments	3	(28,652)	(134,225)
Other expenses	3	(2,985,850)	(2,091,546)
Loss before income tax benefit		(3,161,305)	(2,384,994)
Income tax benefit	4	372,913	297,073
Net loss attributable to members		(2,788,392)	(2,087,921)
Basic loss per share (cents per share)	6	(1.97 cents)	(1.77 cents)
Diluted loss per share (cents per share)	6	(1.97 cents)	(1.77 cents)

The accompanying notes form part of these financial statements.

Balance Sheet AS AT 30 JUNE 2007

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	7	1,271,953	1,453,915
Trade and other receivables	8	45,244	23,864
Inventories	9	125,699	15,981
Other	10	43,718	26,287
TOTAL CURRENT ASSETS		1,486,614	1,520,047
NON-CURRENT ASSETS			
Other financial assets	11	380,000	274,814
Property, plant and equipment	12	2,502,540	2,577,574
TOTAL NON-CURRENT ASSETS		2,882,540	2,852,388
TOTAL ASSETS		4,369,154	4,372,435
CURRENT LIABILITIES			
Trade and other payables	13	371,922	279,760
Borrowings	14	181,768	153,110
Provisions	15	22,496	31,770
TOTAL CURRENT LIABILITIES		576,186	464,640
NON-CURRENT LIABILITIES			
Borrowings	14	450,623	618,978
TOTAL NON-CURRENT LIABILITIES		450,623	618,978
TOTAL LIABILITIES		1,026,809	1,083,618
NET ASSETS		3,342,345	3,288,817
EQUITY			
Issued capital	16	10,670,320	7,857,052
Accumulated losses	16	(8,007,325)	(5,218,933)
Reserves	16	679,350	650,698
TOTAL EQUITY		3,342,345	3,288,817

The accompanying notes form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,170	44,987
Payments to suppliers and employees		(3,031,096)	(2,236,699)
Interest received		96,338	126,351
Finance costs		(63,696)	(70,278)
Income tax received		372,913	297,073
Net cash used in operating activities	7	(2,597,371)	(1,838,566)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(161,612)	(156,768)
Net cash used in investing activities		(161,612)	(156,768)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,058,112	2,435,754
Proceeds from sale of plant and equipment		8,636	-
Costs of share issue		(244,844)	(166,475)
Funds held as security deposit		(105,186)	(274,814)
Proceeds from borrowings		27,486	-
Repayment of borrowings		(167,183)	(154,427)
Net cash provided by financing activities		2,577,021	2,114,852
Net increase in cash held		(181,962)	(155,296)
Cash at the beginning of the financial year		1,453,915	1,609,211
Cash at the end of the financial year	7	1,271,953	1,453,915

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Ordinary shares \$	Accumulated losses \$	Employee equity benefits reserve \$	Total \$
EQUITY					
Balance as at 1 July 2006		7,857,052	(5,218,933)	650,698	3,288,817
Shares issued during the year	16a	3,058,112	-	-	3,058,112
Share issue costs	16a	(244,844)	-	-	(244,844)
Net loss attributable to members	16c	-	(2,788,392)	-	(2,788,392)
Employee options issued during the year	16d	-	-	28,652	28,652
Balance as at 30 June 2007		10,670,320	(8,007,325)	679,350	3,342,345

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report covers CollTech as an individual company. CollTech is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Adoption of new and revised standards

In the year ended 30 June 2007, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to its accounting policies.

(c) Statement of compliance

The financial report was authorised for issue by the Board of Directors on 31 August, 2007.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and

assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black & Scholes model, using the assumptions detailed in Note 22.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

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

(ii) Interest income

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

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs directly attributable to buildings under construction are capitalised as part of the cost of those assets.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs – refer Note 1(f).

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(i) Raw materials

Purchase cost on a first-in, first-out basis; and

(ii) Finished goods and work-in-progress

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

(k) Foreign currency transactions and balances

Both the functional and presentation currency of CollTech Australia Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

Exchange differences arising on hedged transactions undertaken to hedge foreign currency exposures, other than those for the purchase and sale of goods and services, are brought to account in the profit from ordinary activities when the exchange rates change. Any material gain or loss arising at the time of entering into hedge transactions is deferred and brought to account in the profit from ordinary activities over the lives of the hedges.

Costs or gains arising at the time of entering hedged transactions for the purchase and sale of goods and services, and exchange differences that occur up to the date of purchase or sale, are deferred and included in the measurement of the purchase or sale. Gains and losses from speculative foreign currency transactions are brought to account in the profit from ordinary activities when the exchange rate changes.

(l) Income tax

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: Statement of significant accounting policies *continued*

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. The Company has not recorded income a tax benefit or deferred tax asset as it deems that it has not yet had sufficient taxable profit that will allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet 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 sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(m) Goods and services tax (GST)

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

- (i) when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- (ii) receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

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

(n) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

(i) Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the Company to have an independent valuation every three years, with annual appraisals being made by the directors.

(ii) Plant and equipment

Plant and equipment are measured on the cost basis.

(iii) Impairment

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 which will be received from the assets' employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overhead costs.

(iv) Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the Company 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.

The major depreciation rates used are between 7.5% and 40%.

(o) Research and development expenditure

Research and Development costs are charged to profit/loss from ordinary activities before income tax as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs. To date no research and development costs, including costs associated with patent applications, have been deferred.

(p) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Employee leave benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(r) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured 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 external valuer using a binomial model, further details of which are given in Note 22.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of CollTech Australia Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: Statement of significant accounting policies *continued*

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share – refer Note 6.

(s) Going concern

The financial statements are prepared on a going concern basis.

At balance date, the Company had an excess of current assets over current liabilities of \$910,428. In addition, as referred to in Note 20, the Company has successfully completed a capital raising in July 2007 and raised funds of \$403,816 (net of costs).

During the year, CollTech completed process development and commissioning projects to enable commercial production of the Company's OVICOLL[®]|C and OVICOLL[®]|Clear cosmetic collagen from its collagen production facility in Collie WA.

CollTech continued to commercialise its unique OVICOLL[®] ovine collagen products for cosmetic applications. The Company also conducted additional research and development into future biomedical collagen products for research and medical applications. This technology is in its early stages of commercialisation where the cash flows generated by sales do not yet cover the market development and ongoing costs of operations.

The ability of the Company to continue as a going concern depends upon the generation of additional cash inflows, through one or more of the following avenues:

- (i) The inflow of projected revenue from the sale of the Company's cosmetic, research and medical grade collagen;
- (ii) The reduction in costs of operations; and
- (iii) The receipt of additional debt or equity funds.

The Company's existing projections show that anticipated cash inflows from current operations, collections of receivables and ongoing commercial negotiations with distributors, coupled with further successful capital raisings will enable the Company to fund its activities for at least the next twelve months from the date of signing these financial statements. However, as the Company is in its early commercialisation stage, there is uncertainty associated with the key assumptions in those cash flow projections.

Any inability to obtain these additional cash inflows may have a material adverse effect on the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the Company does not continue as a going concern.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- (i) costs of servicing equity (other than dividends) and preference share dividends;
- (ii) the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- (iii) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTE 2: Revenue

	2007 \$	2006 \$
Operating activities:		
Sale of goods	28,170	-
Interest received on deposits	96,338	126,351
Income – government assistance	10,850	43,987
Other	-	1,000
Total revenue	135,358	171,338

NOTE 3: Expenses

	2007 \$	2006 \$
Loss before income tax benefit has been determined after charging as expenses:		
a) Depreciation:		
Property, plant and equipment	218,465	260,283
Total depreciation	218,465	260,283
b) Borrowing costs:		
Interest expense	63,696	70,278
Total borrowing costs	63,696	70,278
c) Share based payments:		
Issue of options for services provided (Note 16)	28,652	134,225
d) Other expenses:		
Operating expenses – Collie extraction facility	687,287	688,589
Auditors' remuneration (Note 21)	26,000	22,800
Office rent and variables	62,358	51,096
Public company administration	359,925	230,274
Travel and accommodation	208,277	81,229
Payroll (excl Collie facility)	1,080,784	596,389
Consultancy and professional services	461,934	316,691
Loss on disposal of assets	9,545	-
Other expenses	89,740	104,478
Total other expenses	2,985,850	2,091,546

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 4: Income tax

	2007 \$	2006 \$
Income tax recognised in profit or loss		
The major component of tax benefit is:		
Adjustment recognised in the current year in relation to the current tax of prior years – R&D tax offset	(372,913)	(297,073)
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting loss before income tax	(3,161,305)	(2,384,994)
Income tax (benefit) calculated at 30%	(948,391)	(715,498)
Non-deductible expenses	9,912	40,795
R & D tax offset refunded in current year	(372,913)	(297,073)
Unrecognised tax losses	1,009,084	698,185
Unrecognised deferred tax asset/(liability)	(70,605)	(23,482)
Income tax benefit reported in the income statement	(372,913)	(297,073)

The Company has tax losses arising in Australia of \$1,009,084 (2006: \$698,185) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. At 30 June 2007 the Company has not recorded the benefit arising from these tax losses as an asset.

NOTE 5: Segment reporting

Business and Geographical Segments

The Company's business involves the process of extracting and purifying collagen from animal sources in Australia for sale, and as such, currently represents only one reportable business and geographical segment.

NOTE 6: Earnings per share

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

	2007 \$	2006 \$
Net loss	(2,788,392)	(2,087,921)
Adjustment	-	-
Losses used in calculating basic and diluted earnings per share	(2,788,392)	(2,087,921)
	No.	No.
Weighted average number of ordinary shares used in calculating basic earnings per share:	141,499,739	118,249,614
Effect of dilutive securities:		
Share options - It is not considered that the 6,830,000 (2006 16,510,000) unlisted options on issue as disclosed in Note 16(b) have a dilutive effect on earnings per share (as the Company incurred a loss for the year)	-	-
Adjusted weighted average number of ordinary shares used in calculating basic and diluted earnings per share	141,499,739	118,249,614

Since the end of the financial year the Company has issued 7,264,675 ordinary shares and 650,000 unlisted options, refer Note 20.

NOTE 7: Cash and cash equivalents

	2007 \$	2006 \$
Current		
Cash at bank (refer Note 11)	1,253,978	1,250,945
Security deposits *	17,975	202,970
	1,271,953	1,453,915

* Represents the current balance of term deposits held as security in relation to hire purchase liabilities entered into during the year with National Australia Bank.

Reconciliation of loss for the year to net cash used in operating activities:

Net loss	(2,788,392)	(2,087,921)
Adjustments for non-cash items:		
Depreciation	218,465	260,283
Loss on disposal of asset	9,545	-
Issue of options for services provided	28,652	134,225
Change in net assets and liabilities:		
(Increase)/decrease in receivables	(21,381)	(9,153)
(Increase)/decrease in inventories	(109,718)	(15,981)
(Increase)/decrease in other assets	(18,313)	36,928
Increase/(decrease) in trade creditors	93,045	(171,652)
Increase/(decrease) in provisions	(9,274)	14,705
Net cash used in operating activities	(2,597,371)	(1,838,566)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 8: Trade and other receivables

	2007 \$	2006 \$
Current		
GST receivable	45,244	23,864

NOTE 9: Inventories

	2007 \$	2006 \$
Raw materials – at cost	42,899	15,981
Finished goods – at cost	82,800	-
	125,699	15,981

NOTE 10: Other assets

	2007 \$	2006 \$
Current		
Prepayments	43,718	26,287

NOTE 11: Other financial assets

	2007 \$	2006 \$
Non-Current		
Cash at bank *	-	274,814
Security deposits *	380,000	-
	380,000	274,814

* These amount represents the non-current balance of term deposits held as security in relation to hire purchase liabilities entered into during the year with National Australia Bank. In the 2006 Annual Report this was classified as Cash – Non Current.

NOTE 12: Property, plant and equipment

	2007 \$	2006 \$
Property, plant and equipment		
At cost	3,067,496	2,934,971
Accumulated depreciation	(564,956)	(357,397)
	2,502,540	2,577,574
Movements in carrying amounts:		
Balance at the beginning of the year	2,577,574	2,681,089
Additions	161,612	156,768
Disposals	(18,181)	-
Depreciation expense	(218,465)	(260,283)
Carrying amount at the end of the year	2,502,540	2,577,574

NOTE 13: Trade and other payables

	2007 \$	2006 \$
Current		
Trade creditors and accruals	371,922	279,760

NOTE 14: Interest bearing loans and borrowings

	2007 \$	2006 \$
Current		
Insurance premium funding	17,593	-
Hire purchase liability - Note 18(a)	164,175	153,110
	181,768	153,110

NOTE 15: Provisions

	2007 \$	2006 \$
Current		
Employee entitlements	22,496	31,770
	No.	No.
Number of employees at balance date	14	9

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16: Issued capital and reserves

	2007 No.	2006 No.	2007 \$	2006 \$
a) Ordinary shares issued and fully paid				
Balance at the beginning of the financial year	122,639,514	97,000,000	7,857,052	5,587,773
Shares issued during year:				
Private placement - September 2005	-	13,157,898	-	1,250,000
Share purchase plan - September 2005	-	12,481,616	-	1,185,754
Private placement - August 2006	18,395,927	-	1,839,593	-
Share purchase plan - August 2006	1,090,000	-	109,000	-
Private placement - May 2007	18,491,991	-	1,109,519	-
Share issue costs	-	-	(244,844)	(166,475)
Balance at the end of the financial year	160,617,432	122,639,514	10,670,320	7,857,052

Terms and conditions of contributed equity:

- Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.
- At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b) Share options

Share options	Exercise price	Expiry date	Balance at beginning of year No.	Issued during the year No.	Expired during the year No.	Balance at end of year No.
Unlisted options	\$0.25	28 Nov 2006	5,800,000	-	(5,800,000)	-
Unlisted options	\$0.25	1 Dec 2006	5,270,000	-	(5,270,000)	-
Unlisted options	\$0.25	24 Feb 2008	650,000	-	(260,000)	390,000
Unlisted options	\$0.25	25 Feb 2008	640,000	-	-	640,000
Unlisted options	\$0.25	27 May 2009	650,000	-	-	650,000
Unlisted options	\$0.15	30 Sept 2008	650,000	-	-	650,000
Unlisted options	\$0.10	31 Mar 2009	650,000	-	-	650,000
Unlisted options	\$0.10	17 May 2009	2,200,000	-	-	2,200,000
Unlisted options	\$0.10	3 Aug 2009	-	350,000	-	350,000
Unlisted options	\$0.10	9 Feb 2010	-	1,300,000	-	1,300,000
			16,510,000	1,650,000	(11,330,000)	6,830,000

The Company has an Employee Share Option Plan under which options to subscribe for the Company's shares have been granted to certain executives and other employees (refer Note 22).

	2007 \$	2006 \$
c) Accumulated losses		
Movements in accumulated losses were as follows:		
Accumulated losses at the beginning of the financial year	(5,218,933)	(3,131,012)
Net loss attributed to members	(2,788,392)	(2,087,921)
Accumulated losses at the end of the financial year	(8,007,325)	(5,218,933)
d) Reserves		
Movements in employee equity benefits reserve were as follows:		
Employee equity benefits reserve at beginning of year	650,698	516,473
Share based payment	28,652	134,225
Employee equity benefits reserve at end of year	679,350	650,698

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 22 for further details of this plan.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 17: Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments recognised in the financial statements:

a) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Interest Rate		Floating Interest Rate		Within Year		1 to 5 years		Non-interest Bearing		Total	
	2007 %	2006 %	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Financial assets:												
Cash	5.3	5.1	1,651,953	1,728,729	-	-	-	-	-	-	1,651,953	1,728,729
Receivables	-	-	-	-	-	-	-	-	46,994	23,864	46,994	23,864
Total financial assets			1,651,953	1,728,729	-	-	-	-	46,994	23,864	1,698,947	1,752,593
Financial liabilities:												
Payables	-	-	-	-	-	-	-	-	371,922	279,760	371,922	279,760
Borrowings	8.1	9.7	-	-	181,768	153,110	450,623	618,978	-	-	632,391	772,088
Total financial liabilities			-	-	181,768	153,110	450,623	618,978	371,922	279,760	1,004,313	1,051,848

b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date in relation to each class of recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the Financial Statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

c) Net fair values

The net fair values of all monetary financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the Balance Sheet and Notes to the Financial Statements.

NOTE 18: Commitments

	2007 \$	2006 \$
a) Hire purchase commitments, payable		
— within the period of 12 months	208,138	209,856
— within the period of 12 months to 5 years	489,391	701,709
Minimum hire purchase payments	697,529	911,565
Less future finance charges	(82,731)	(139,477)
Total hire purchase liability	614,798	772,088
Included in the financial statements as follows:		
Current liability (Note 14)	164,175	153,110
Non-current liability (Note 14)	450,623	618,978
	614,798	772,088
b) Operating lease commitments		
Commitments for minimum payments in relation to non-cancellable operating leases for rental of office premises and the Collie extraction facility site are payable as follows:		
— within the period of 12 months	71,853	65,409
— within the period of 12 months to 5 years	28,141	83,983
— later than 5 years	108,613	111,764
	208,607	261,156
c) Remuneration commitments		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at balance date but not recorded as liabilities, payable:		
— within the period of 12 months	108,592	185,300

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 19: Related party transactions

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

Transactions with related parties:

Specified directors' and specified executives' remuneration

Details of specified directors' and specified executives' remuneration are disclosed in Note 23 to the financial statements.

Transactions with specified directors and specified executives

- (i) The Company has a Consultancy Agreement with Mr Stephen Carter. The services are provided for a consultancy fee of \$1,000 per day (plus GST). During the financial year the Company paid consulting fees to Mr Carter of \$79,600 (2006: \$5,625).
- (ii) The Company has a Consultancy Agreement with Dr John Snowden. The services are provided for a consultancy fee of \$1,000 per day (plus GST). During the financial year the Company were invoiced consulting fees for Dr Snowden of \$30,000 (2006: \$21,300).

NOTE 20: Events subsequent to reporting date

In July 2007 the Company completed a capital raising of \$403,816 (net of fees). The capital raising was conducted via a private placement of 7,264,675 ordinary shares issued at six cents per share to institutional and sophisticated investors.

During August 2007 following his appointment Mr Glenn Smith, executive responsible for sales and marketing, was issued with 650,000 options that are exercisable at various times prior to their expiry date being three years from the date of grant.

In August 2007 the Company announced that it has been granted its patent in China, an important market to CollTech.

NOTE 21: Auditors' remuneration

	2007 \$	2006 \$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial reports	26,000	17,550
Other services – assisting with financial reporting disclosures	-	5,250
	26,000	22,800

NOTE 22: Employee share option plan

The Company believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's Employee Share Option Plan.

The Company has adopted the CollTech Employee Share Option Plan for the purpose of recognising the efforts of, and providing incentives to, employees of the Company. Options are granted under the Employee Share Option Plan for no consideration. Options are granted for a three year period and entitlements to the options are vested and made exercisable in defined tranches to reflect the Company's development strategy and align the interests of directors and executives to those of shareholders. Options are granted to directors and executives taking into account a number of factors, including the amount and term of options previously granted, base salary and competitive factors.

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 3.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2007 No.	2007 Weighted average exercise price	2006 No.	2006 Weighted average exercise price
Outstanding at the beginning of the year	10,710,000	\$0.18	7,210,000	\$0.21
Granted during the year	1,650,000	\$0.10	3,500,000	\$0.11
Forfeited during the year	(260,000)	\$0.25	-	-
Exercised during the year	-	-	-	-
Expired during the year	(5,270,000)	\$0.20	-	-
Outstanding at the end of the year	6,830,000	\$0.14	10,710,000	\$0.18
Exercisable at the end of the year	4,812,000		3,838,000	

Details of share options held by employees (including directors) and granted as remuneration outstanding at balance date:

Share options	Grant Date	Expiry Date	Exercise Price	2007 No.	2006 No.
Unlisted options	01 Dec 03	01 Dec 06	\$0.20	-	5,270,000
Unlisted options	28 May 04	28 May 09	\$0.25	650,000	650,000
Unlisted options	24 Feb 05	24 Feb 08	\$0.25	390,000	650,000
Unlisted options	25 Feb 05	25 Feb 08	\$0.25	640,000	640,000
Unlisted options	30 Sep 05	30 Sep 08	\$0.15	650,000	650,000
Unlisted options	31 Mar 06	31 Mar 09	\$0.10	650,000	650,000
Unlisted options	17 May 06	17 May 09	\$0.10	2,200,000	2,200,000
Unlisted options	2 Aug 06	2 Aug 09	\$0.10	350,000	-
	9 Feb 07	9 Feb 07	\$0.10	1,300,000	-
Total options				6,830,000	10,710,000
Weighted average fair value of options				2.59 cents	3.25 cents

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 22: Employee share option plan *continued*

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services is recognised over the expected vesting period. Until the liability is settled it is re-measured at each reporting date with changes in fair value recognised in profit or loss. The following table lists the inputs to the model used:

	2007	2006
Volatility (%)	75.0	75.0
Risk-free interest rate (%)	5.7	5.3
Expected life of option (years)	3.0	3.0
Exercise price (cents)	14.2	17.9
Weighted average share price at grant date (cents)	8.6	9.7
The carrying amount of the reserve relating to the cash-settled share-based payment at 30 June 2007 is \$679,350 (2006: \$650,698).		

NOTE 23: Directors and executive disclosures

(a) Details of key management personnel

(i) Directors

Mr Stephen Carter	Chairman (Non-executive)
Mr Michael Pixley	Chief Executive
Dr Anna Kluczevska	Non-executive Director
Mr Gregg Mastroianni	Non-executive Director
Dr John Snowden	Non-executive Director (resigned 28 November 2006)

(ii) Other key management personnel

Dr Deborah Cooper	Acting General Manager
Mr Glen Brune	Chief Financial Officer
Dr Leearne Hinch	General Manager (resigned 28 February 2007)
Mr Mathew Whyte	Chief Financial Officer (resigned 31 August 2006)

There were no changes to the above positions after the reporting date through to the date the financial report was authorised for issue.

(b) Compensation of key management personnel

(i) Compensation details

The Company has transferred the detailed remuneration disclosures to the directors' report in sections B-C of the Remuneration Report on pages 20 to 21.

(ii) Compensation by category: key management personnel

	2007 \$	2006 \$
Short-term	742,757	571,617
Post employment	60,174	51,733
Share-based payments	24,180	133,445
Termination benefits	102,375	-
	929,486	756,795

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 23: Directors and Executive disclosures *continued*

(c) Options provided as remuneration and shares issued on exercise of such options:

During the financial year options were granted as equity compensation benefits under the long-term incentive plan to certain key management personnel as disclosed above. No share options have been granted to the non-executive members of the Board of Directors under this scheme. For further details relating to the options, refer to Note 22.

	Terms & Conditions For Each Grant								
	Grant Date	Grant Number	No. vested during Year	Fair Value per Option at Grant Date*	Exercise Price	Exercised Number	Value per option at Exercise Date	Value at date option lapsed	% of Remuneration
2007									
Dr Deborah Cooper	02/08/06	350,000	350,000	\$0.052	\$0.10	N/A	N/A	N/A	9.9%
Mr Glen Brune	09/02/07	650,000	650,000	\$0.028	\$0.10	N/A	N/A	N/A	2.3%

Details of vesting of options granted during the year are as follows:

- (a) Options granted to Dr Cooper, for no consideration were fully vested on the date they were granted.
- (b) Options granted to Mr Brune, for no consideration, will vest as follows:
 - (i) 130,000 on date of grant;
 - (ii) 260,000 (40%) 12 months after (i) above and after achievement of KPI's for FY2007.
 - (iii) 260,000 (40%) 12 months after (ii) above and after achievement of KPI's for FY2008.

	Terms & Conditions For Each Grant								
	Grant Date	Grant Number	No. vested during Year	Fair Value per Option at Grant Date*	Exercise Price	Exercised Number	Value per option at Exercise Date	Value at date option lapsed	% of Remuneration
2006									
Dr Leeearne Hinch	31/03/06	650,000	650,000	\$0.045	\$0.10	N/A	N/A	N/A	15%
Dr Deborah Cooper	30/09/05	650,000	130,000	\$0.009	\$0.15	N/A	N/A	N/A	3%
Mr Stephen Carter	17/05/06	2,200,000	2,200,000	\$0.0358	\$0.10	N/A	N/A	N/A	71%

* Fair values of options granted as part of senior management remuneration have been valued using a Black-Scholes option pricing model, which takes into account a number of factors including the option exercise price, the current level and volatility of the underlying share price, the share price at grant date, the risk-free interest rate and expected life of the option. The model inputs for each of these options are provided in a table under note 22.

(d) Option holdings of key management personnel:

The numbers of options over ordinary shares in the Company held during the financial year by each director of CollTech Australia Limited and other key management personnel of the Company, including their personally related parties, are set out below.

	Balance at beginning of period (i) 1 July 2006	Granted as Remuneration	Options Exercised (ii)	Net Change Other (iii)	Balance at end of period 30 June 2007	Vested as at 30 June 2007		
						Total	Exercisable	Not Exercisable
2007								
Directors								
Mr Stephen Carter	2,200,000	-	-	-	2,200,000	2,200,000	2,200,000	-
Mr Michael Pixley (iv)	2,900,000	-	-	(2,900,000)	-	-	-	-
Dr Anna Kluczevska	870,000	-	-	(870,000)	-	-	-	-
Mr Gregg Mastroianni (v)	-	-	-	-	-	-	-	-
Dr John Snowden	2,900,000	-	-	(2,900,000)	-	-	-	-
	8,870,000	-	-	(6,670,000)	2,200,000	2,200,000	2,200,000	-
Other key management personnel								
Dr Deborah Cooper	650,000	350,000	-	-	1,000,000	740,000	740,000	260,000
Mr Glen Brune	-	650,000	-	-	650,000	130,000	130,000	520,000
Dr Leeearne Hinch	1,300,000	-	-	(260,000)	1,040,000	1,040,000	1,040,000	-
Mr Mathew Whyte	650,000	-	-	-	650,000	390,000	390,000	260,000
	2,600,000	1,000,000	-	(260,000)	3,340,000	2,300,000	2,300,000	1,040,000
Total	11,470,000	1,000,000	-	(6,930,000)	5,540,000	4,500,000	4,500,000	1,040,000
2006								
Directors								
Mr Stephen Carter	-	2,200,000	-	-	2,200,000	2,200,000	2,200,000	-
Dr Anna Kluczevska	870,000	-	-	-	870,000	870,000	-	870,000
Dr John Snowden	2,900,000	-	-	-	2,900,000	2,900,000	-	2,900,000
Mr Michael Blakiston	1,500,000	-	-	-	1,500,000	1,500,000	-	1,500,000
	5,270,000	2,200,000	-	-	7,470,000	7,470,000	2,200,000	5,270,000
Other key management personnel								
Mr Michael Pixley	2,900,000	-	-	-	2,900,000	2,900,000	-	2,900,000
Dr Deborah Cooper	-	650,000	-	-	650,000	130,000	130,000	520,000
Dr Leeearne Hinch	650,000	650,000	-	-	1,300,000	1,040,000	1,040,000	260,000
Mr Mathew Whyte	650,000	-	-	-	650,000	390,000	390,000	260,000
	4,200,000	1,300,000	-	-	5,500,000	4,460,000	1,560,000	3,940,000
Total	9,470,000	3,500,000	-	-	12,970,000	11,930,000	3,760,000	9,210,000

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 23: Directors and Executive disclosures *continued*

- (i) As Mr Michael Blakiston is not a specified director as at 1 July 2006 his 1,500,000 options were not included.
- (ii) No shares have been issued on exercise of any remuneration options.
- (iii) Includes forfeitures.
- (iv) For the previous year Mr Pixley's holdings were shown under 'other key management personnel' prior to his appointment as a director.
- (v) Mr Gregg Mastroianni has been offered 2,000,000 options at an exercise price of 10 cents, which are to be approved at the Annual General Meeting.

(e) Share holdings of key management personnel

The number of shares in the Company held during the financial year by each director of CollTech Australia Limited and other key management personnel of the Company, including their personally related parties, are set out below.

2007	Balance 1 July 2006	On exercise of options	Net Change Other	Balance 30 June 2007
Directors				
Mr Stephen Carter	75,000	-	346,519	421,519
Mr Michael Pixley *	6,600,000	-	-	6,600,000
Dr Anna Kluczevska	132,600	-	-	132,600
Mr Gregg Mastroianni	-	-	-	-
Dr John Snowden	7,200,000	-	(200,000)	7,000,000
	14,007,600	-	146,519	14,154,119
Other key management personnel				
Dr Deborah Cooper	-	-	-	-
Mr Glen Brune	-	-	678,337	678,337
Dr Leeearne Hinch	982,641	-	560,000	1,542,641
Mr Mathew Whyte	-	-	-	-
	982,641	-	1,238,337	2,220,978
Total	14,990,241	-	1,384,856	16,375,097

* Mr Pixley acquired 1,000,000 shares on 10 July 2007. For the previous year Mr Pixley's holdings were shown under 'other key management personnel' prior to his appointment as a director.

2006	Balance 1 July 2006	On exercise of options	Net Change Other	Balance 30 June 2007
Directors				
Mr Stephen Carter	-	-	75,000	75,000
Dr Anna Kluczevska	132,600	-	-	132,600
Dr John Snowden	7,200,000	-	-	7,200,000
Mr Michael Blakiston	-	-	-	-
	7,332,600	-	75,000	7,407,600
Other key management personnel				
Mr Michael Pixley	6,600,000	-	-	6,600,000
Dr Leeearne Hinch	350,000	-	632,641	982,641
Dr Deborah Cooper	-	-	-	-
Mr Mathew Whyte	75,000	-	(75,000)	-
	7,025,000	-	557,641	7,582,641
Total	14,357,600	-	632,641	14,990,241

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(f) Loans to key management personnel

There are no loans to key management personnel.

Directors' Declaration

1. In the opinion of the directors of the Company :

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2007 and of the performance for the year ended on that date; and
 - (ii) Comply with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

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

A handwritten signature in black ink, appearing to be 'S. J. O.', with a small dot at the end.

August 31, 2007

Independent Auditor's Report



To the members of COLLTECH AUSTRALIA LIMITED

We have audited the accompanying financial report of CollTech Australia Limited, which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended and the directors' declaration.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading "remuneration report" in the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(c), the directors state that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 and the remuneration disclosures contained in the directors' report.

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

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

Independent Auditor's Report *continued*

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of CollTech Australia Limited and included in the Directors' Report, would be on the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of CollTech Australia Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Auditor's Opinion on the AASB 124 Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(s) in the financial report which indicates that the company's existing projections show that the company will be able to fund its activities for at least twelve months from the date of the financial report, however, as the company is in its early commercialisation stage, there is uncertainty associated with the key assumptions in those projections. If the company is unable to generate additional cash flows, there is significant uncertainty whether the company will continue as a going concern and, therefore, 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.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
31 August 2007

L DI GIALONARDO
Partner

Additional Information

Additional information included in accordance with the Listing Rules of the Australian Stock Exchange Limited. The information is current as at October 3, 2007.

1. Substantial shareholders

The name of the substantial shareholder who has notified the Company in accordance with section 671B of the Corporations Act is:

Challenger Financial Services Group Limited 10,161,532 shares

2. Statement of issued capital

(a) Distribution of fully paid ordinary shareholders

Size of holding	Number of holders	Shares held	% of issued capital
1 – 1,000	104	30,603	0.02
1,001 – 5,000	66	217,923	0.13
5,001 – 10,000	129	1,123,665	0.67
10,001 – 100,000	563	25,718,742	15.32
100,001 – and over	259	140,791,175	83.86
Total	1,121	167,882,108	100.00

(b) Each Ordinary Share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(c) At the date of this report there were 160 shareholders who held less than a marketable parcel of shares.

3. Options

	Exercise price	Expiry date	Number of options	Number of holders
Unlisted options	\$0.25	24 Feb 2008	390,000	1
Unlisted options	\$0.25	25 Feb 2008	640,000	5
Unlisted options	\$0.25	27 May 2009	650,000	1
Unlisted options	\$0.15	30 Sept 2008	650,000	1
Unlisted options	\$0.10	31 Mar 2009	650,000	1
Unlisted options	\$0.10	17 May 2009	2,200,000	1
Unlisted options	\$0.10	4 Aug 2009	350,000	1
Unlisted options	\$0.10	9 Feb 2010	1,300,000	2
Unlisted options	\$0.10	30 Jul 2010	650,000	1
Total			7,480,000	14

Additional Information *continued*

4. Quotation

Listed securities in CollTech Australia Limited (CAU) are quoted on all member exchanges of the Australian Stock Exchange.

5. Twenty largest shareholders

Rank	Name	Units	% of issued capital
1	Challenger Financial Services Group Limited	10,161,532	6.05
2	Mr Chris Cuffe & Mrs Natasha Cuffe	7,000,000	4.17
3	IRSS Nominees (21) Limited	6,600,000	3.93
4	Lifescience Investment Group Inc.	6,600,000	3.93
5	Dr John Snowden and Mrs Pauline Snowden	6,600,000	3.93
6	UOB Kay Hian Private Limited	4,033,333	2.40
7	Fairview Holdings Pty Ltd	3,233,562	1.92
8	Cramm Nominees Pty Limited	3,100,000	1.85
9	WSF Pty Ltd	2,970,000	1.77
10	Gwynvill Trading Pty Limited	2,970,000	1.66
11	Mr Michael John Trethowan	1,854,738	1.10
12	Bror Joel Runo Nessen	1,500,000	0.89
13	Mrs Katrina Lee Burton	1,486,841	0.89
14	Mr William Fairweather	1,323,682	0.79
15	Mr Peter Murray Jackson	1,300,000	0.77
16	Kalgoorlie Mine Management Pty Ltd	1,269,050	0.76
17	UBS Wealth Management Australia Nominees Pty Ltd	1,210,000	0.72
18	AJ & MI Hinch Nominees Pty Ltd	1,200,000	0.71
19	Aymon Pacific Pty Ltd	1,150,000	0.69
20	Dr Leearne Maree Hinch	1,150,000	0.69
	Total	66,529,579	39.63

6. Annual General Meeting

The Annual General Meeting of CollTech will be held at the Celtic Club Inc, 48 Ord Street, West Perth, Western Australia on 21 November 2007 at 12 noon WDST.



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