Holista CollTech Limited

(Formerly CollTech Australia Limited)

ABN 24 094 515 992

Annual Report 2009

Corporate Directory

Directors

Mr Stephen Carter, Non-Executive Chairman
Dato' Dr M Rajendran, Managing Director
Mr Michael Pixley, Non-Executive Director
Mr Ravindran Govindan, Non-Executive Director
Mr Fathil Bin Mohamed, Non-Executive Director
Mr. Mick Aw, Non-Executive Director

General Manager

Dr Deborah Cooper

Company Secretary

Mr Alan Boys, Chief Financial Officer

Registered Office

Holista CollTech Limited
ABN 24 094 515 992
Suite 2 34 Salvado Rd
Wembley W.A. 6014
Telephone: (+618) 9426 3900
Facsimile: (+618) 9426 3909

Share Register

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace, Perth WA 6000
Telephone: (+618) 9323 2000
Facsimile: (+618) 9323 2033

Stock Exchange

ASX: HCT

Bankers

National Australia Bank
100 St Georges Terrace, Perth WA 6000

Auditors

HLB Mann Judd
Level 2, 15 Rheola Street, West Perth WA 6005

Solicitors

Allion Legal
Level 2, 50 Kings Park Road, West Perth WA 6005

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Operations Review 2009

STRATEGIC INITIATIVE

2008/9 has been a trying year for most companies especially for the small listed companies such as Holista CollTech ("Holista CollTech", "CollTech", "Company"). As a result of these pressures, the last year has seen the Company focus on strategies to provide critical mass and continuance for the company, whilst conserving capital and addressing the need for cash flow.

Consequently the Company was placed in a watch, wait and see mode for much of the year during which time directors and management put in place policies, procedures and actions to reduce cash burn to a minimum. A secondary effect of this was the slowing down of the development of medical grade collagen and the associated products. These projects will be reviewed by the new board and recommendations will be made on the future development programs in the new year.

As the company had sufficient inventory of collagen in stock, the manufacturing plant in Collie was in placed in a "care and maintenance" mode in October 2008. Staff numbers were reduced and head office relocated to provide a more cost effective base for the reduced number of staff. During this time, whilst all but key operations were suspended, the company did achieve a number of positive outcomes as detailed below.

The board's key focus and emphasis during this time was the selection of a suitable acquisition partner to enable the Company to move forward. A number of promising companies were looked at in detail with the successful conclusion of this strategy being realised in July 2009 with the merger of CollTech Australia Ltd with Holista Biotech from Malaysia to form Holista CollTech Ltd an exciting new lifescience company with an existing product base and a positive cash flow.

A number of new initiatives have resulted from the alliance and these are discussed in a later section of this report.

Whilst last year was primarily a year of bunkering down and riding out the worst of the global financial crisis, the Company continued developing a number of its core assets with the following achievements made:

- CollTech's sterile research grade collagen OVICOLL|R was listed with one of the world's largest Fine Chemical suppliers, "Sigma Aldrich".
- A European patent was granted for CollTech's core technology providing further protection in a significant market and strengthening and securing CollTech's position as the worlds only commercial supplier of ovine collagen.
- New non-exclusive distributors were appointed in Vietnam (Bronson and Jacobs) and Indonesia (PT Menara Berlian).
- Proof of concept confirming the ability to Electro-spin our ovine collagen was provided by a UK collaborator. This is a precursor to the development of a number of novel medical products.
- Our first Ovine collagen membranes and medical putty prototypes were released for independent evaluation and a contract manufacturing agreement for the collagen membrane was signed with Sunmax Biotech, Taiwan.
- Ongoing stability studies have extended the shelf-life of a number of CollTech's collagen products to 2 years.

The company is acutely aware that none of the current ovine Collagen projects are going to bring in any significant income during the 2009/10 financial year. Thus, there has been a need for "fresh" and "out of the box thinking". From this review two key initiatives are now being instituted;

1) Food grade or hydrolysed collagen

Hydrolysed collagen is made by subjecting intact collagen to an enzymatic process. The hydrolysis process cuts the collagen protein of about 300,000 Da, into small peptides having an average molecular weight of between 3,000 and 10,000 Da.

Hydrolysed collagen may have excellent organoleptic properties, and be taste and odor-free. Due to these properties, it is easy to use in foods and beverages, as well as in powder blends or dietary supplements. Many functional products using

OPERATIONS REVIEW 2009 (CONT'D)

hydrolysed collagen are already available, especially in Asia. The use of hydrolyzed collagen also occurs in many cosmetic products: shampoos, conditioners, soaps, creams, face creams and also in make-up.

Although the margins are considerably lower than those that can be achieved in the medical field, there is a huge demand for hydrolysed collagen – especially in ASEAN and North Asia. Indeed, initial interest in an Ovine hydrolysed collagen has seen potential orders of up to 100 tons annually.

An important aspect of getting "ovine collagen" out is the marketplace positioning. Our goal is to position Holista CollTech as "an Ovine (sheep) specialty company". This will further assist the company to take on bovine and porcine collagen in the more lucrative area of "medical collagen".

To develop the hydrolysed collagen we will need to undertake some development work and we are currently discussing the project with a major research organisation in Australia.

The development and comercialisation of the hydrolysed collagen will require an investment of approximately AU$1.25 million. To enable this process to proceed we have recently agreed to undertake a placement to strategic investors for approximately AU$2.5 million. The rest of the placement will be used to further the growth of the company.

2) Cosmetic collagen

The company has significant stocks of OVICOLL|C and OVICOLL|Clear. We intend to use this to develop and launch a new collagen based cream into Malaysian pharmacies via one of Holista CollTech's subsidiaries – Total Health Concept Sdn Bhd ("THC").

MOVING FORWARD

Operations

The Holista CollTech Group of companies aspires to be a one-stop organisation devoted to the development and commercialisation of natural products, backed by research. With a strong background in Research and Development, Holista CollTech is dedicated to developing novel ingredients and formulations, derived from local medicinal plants, and patenting the discoveries to provide the opportunity to develop an income stream for the organization through licensing of such patents as well as developing and commercializing products.

With its established and sophisticated marketing channels, Holista CollTech is able to market developed products directly to the customer, pharmacies, medical fraternity and online sales. With a portfolio of home-grown brands, Holista CollTech has the expertise to commercialise new products and with its new proposed manufacturing and R&D, it will be in a better position to develop products with recognised quality practices, that are able to be marketed successfully both locally and internationally.

Research & Development activities

As well as the Ovine Collagen Research and Development program, there are a number of key activities occurring. Holista CollTech is in a unique position in the Malaysian biotech industry. To capitalize on this and the group position in this area, Holista CollTech has moved aggressively into Research & Development and filing patents on the deliverables from this research. From these, Holista CollTech expects a new source of revenue when this R&D is translated into new products for THC and its other wholly owned subsidiary Alterni (M) Sdn Bhd ("Alterni'), as well as for the overseas markets.

With the bank of IP and patents that the company is amassing, the group hopes to work with some multinational FMCG companies in incorporating these ingredients into a new range of consumables products such as Nestle in incorporating these ingredients into a new range of consumable products.

Some of the R&D work and patents which the Group is working on or have been filed are:

1. Patents filed for Kacip Fatima:
    a) Immuno-potentiating Composition From Labisia Pumila Extract;
    b) A Novel Composition obtained from Labisia Pumila – process for the preparation of labisia pumila extract in which the extract capable of having hepato-protective activity: and
    c) Immuno-stimulating activities.

OPERATIONS REVIEW 2009 (CONT'D)

2. Two more patents pending to be filed on Kacip Fatimah;
3. There will be three patents to be filed for the Natural BioEnhancement of Omega 3 Fatty Acids Eicosapentaenoic Acid (EPA) and Docosahexaenoic Acid (DHA).
4. Patent filed on herbal water – tongkat ali;
5. Patent filed on Misai Kuching extract;
6. Patent filed on Guava Leaf extract;
7. Patent filed on Senduduk plant extract;
8. Patent filed on Centella (Pegaga Plant) extract .
9. Okra (Lady finger) – patent pending; and,
10. Click cap – patent pending

These R&D activities are being funded by Holista CollTech through collaborations with the following institutions:

1. Indian Institute of Integrative Medicine, India.
2. University Science of Malaysia (USM).
3. National Center for Natural Products Research, School of Pharmacy (The University of Mississippi).
4. Forest Research Institute of Malaysia (FRIM)
5. University of Hamdard, New Delhi, India

Trading and marketing activities

The Holista CollTech group distributes its products through two subsidiaries; THC and Alterni. THC markets its products whilst distribution is through Zuellig Pharma and Alterni sells through single level Direct to Customer basis.

According to a research paper by Dato' Dr. Md. Sharif Ahmad (President of the Malaysian Herbal Society and Director General of MARDI):

a. World Market - Herbs and medicinal plants are used for: -

Phytomedicines	USD 12.00 billion
Flavors & fragrances	USD 9.50 billion
Biopesticides	USD 8.00 billion
Pharmaceuticals	USD 2.35 billion
Total World Market	USD 31.85 billion

b. Malaysian Domestic Market size

Flavors & Fragrances	RM 1.60 billion
Pharmaceuticals	RM 0.95 billion
Herbal Remedies	RM 2.00 billion
Total Malaysian Market	RM 4.55 billion

As such, the opportunities for THC and Alterni are enormous considering that the total turnover for both companies is less than 1% of the above Malaysian market.

OPERATIONS REVIEW 2009 (CONT'D)

Some of the leading brands of both THC and Alterni are:

Products under THC:

PRISTIN™

-Trademark - Fishgel ™, Fishule™

- The first molecularly distilled fish oils approved by the Ministry of Health, Malaysia, ensuring toxin - free.
- Highly purified Omega - 3.
- Each fish oil soft gel contains 660mg of EPA & DHA the highest strength in the market meaning less capsules for optimal benefit
- The first fish gel in Asia.
- Pristin fish oil supplied by Pronova from Norway which is the largest company that produces fish oil in the world
- AC Nielsen Survey 2008 showed Pristin to be the No 1 Premium fish oil brand in Malaysia
- Just registered in Singapore and Brunei

LACTO-5™

- Lacto - 5 is the top locally cultured beneficial bacteria in the market since it was launched in April 2004.
- It is the fastest selling probiotic in the market.
- Pending patent

BITREEN™ Neem Tablets

- First and only standardised neem extract in Malaysia.
- Neem is the only patented blood purifier in the world.

Products under Alterni:

BONEX

- Hydrolyzed collagen made from bovine's hide (skin).

  It has the same amino acid composition as the collagen that is found in joint cartilage

  Contains high concentrations of glycine and proline, important to collagen synthesis. Thereby, reducing the joint paint and improve the diffraction, extension and rotation of knee joints by 50%.
- Will be substituted with CollTech's Ovine hydrolysed collagen

MOO™

- Milk calcium extract, food based.
- Probably the calcium with the highest absorption.
- It does not cause kidney stones over long-term use.

IRISTAL™

- Nutritious Eye Supplement.
- Contains 3 precious ingredients - Eyebright, Bilberry and Marigold.

ADEBTIN™

- The natural approach for diabetics to normalize blood sugar.
- A combination of 6 ingredients - Gymnema, Fenugreek, Bitter Melon, Mistletoe, Olive Leaf and yeast extract that are proven to help in normalizing the blood sugar.

OPERATIONS REVIEW 2009 (CONT'D)

NACOX™

- A standardized extract of turmeric for pain relief, consisting of up to 90% pure curcumin.
- It is nature's most powerful anti-inflammatory agent.
- A new Belgian technology has enabled curcumin to have 1,000x absorption into the body compared to any other source of turmeric due to its unique patented extraction method.
- It is safe and effective in relieving pain caused by inflammation and swelling.
- Antioxidant – For General Health

All the products marketed under THC and Alterni are sourced from internationally-recognised manufacturers and the repacking of the products is done in Malaysia by the National Pharmaceutical Control Bureau -certified Good Manufacturing Practice licensed manufacturing facilities.

MARKET ANALYSIS

At present, the competitor profile for Holista CollTech group of companies can be summarized as below:

THC currently has to contend with competition with other players involved in the pharmacy retail business, including companies such as Kordel, BioLife, Blackmores, Solaray, Himalaya, Fortiz, 21st Century, Nature's Farm, GNC, Seven Seas. Though most of the competitors do market similar products, THC has been mitigating the competition by producing quality products with propriety formulations and ingredients, as well as investing in home-grown brand development, in order to differentiate itself from the competition.

Alterni , being the only single level supplements marketing company in Malaysia, does not have direct competition in the marketplace. Indirect competitors to the company are multi-level marketing organisations such as Cosway, Amway, Shaklee etc. In order to mitigate potential competition, the company is embarking on a '3- pronged strategy' of new product development, direct marketing and customer relationship management strategies in order to differentiate itself from competitors.

Wholly owned subsidiary Tropical Botanics Sdn Bhd, currently publishes the Journal of Tropical Medicinal Plants Scientific Journal and organises the WHAT Medicine conference and exhibition. Due to the nature of this business, the company has little or no competition in Malaysia, and possible regional competitors include companies such as Javaplant (Indonesia), Sabinsa (India) and Linnea (Spain).

CORPORATE

The company's prime focus during 2008/09 was the securing of a new corporate opportunity with synergistic benefits to secure the future of the Company and development of its IP. The contract to acquire the Holisa Biotech SDN BHD Group was announced in December 2008 and a meeting of members to approve the acquisition took place on 10 July 2009, with settlement occurring later that day.

During the year, the Company raised $200,00 in December 2008 by way of a placement of 20,000,000 (pre-consolidation) shares at $0.01 each and in June 2009 raised $300,000 with the issue of 30,000,000 (pre-consoliodation) shares at $0.01 by way of a partially underwritten non-renounceable rights issue.

THE FUTURE

The Board and Management of Holista CollTech are confident of an exciting future for the company and we look forward to a number of exciting new products being released over the next few years.

Annual Financial Report

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2009:

DIRECTORS:

The following persons were Directors of Holista CollTech Limited ('Holista' or 'Company') during the whole of the financial year and up to the date of this report unless stated otherwise

Mr Stephen Carter	Non-executive Chairman	
Mr Michael Pixley	Non-executive Director	
Mr Ravindran Govindan	Non-executive Director	
Dr Fathil Bin Mohamed	Non-executive Director	
Dato' Dr M Rajendran	Managing Director	- Appointed 10 July 2009
Mr Cheok Huat (Mick) Aw	Non-executive Director	- Appointed 7 August 2009

PRINCIPAL ACTIVITIES

Holista 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. Subsequent to the end of the financial year, the company acquired all of the issued capital of Holista Biotech Sdn Bhd, a company based in Malaysia that is involved in the development, branding, distribution and sale of natural products.

REVIEW AND RESULTS OF OPERATIONS

Holista reported a net loss after income tax for the reporting period ended 30 June 2009 of $1,919,671, up 1.9% on the previous year (2008: $1,884,598). Revenues from ordinary activities were $131,882, down 50.3% on the previous year (2008: $265,251). For further detail, refer to the Review of Operations on pages 3 to 7.

DIVIDENDS

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.

EMPLOYEES

The Company had 3 employees at 30 June 2009 (2008: 11 employees).

AFTER BALANCE DATE EVENTS

On 10 July 2009, the company acquired 100% of Holista Biotech Sdn Bhd by way of the issue of 770,000,000 shares in the Company and on that same date appointed Dato' Dr M Rajendran as Managing Director of the Company.

On 13 July 2009 the Company changed its name from CollTech Australia Limited to Holista CollTech Limited.

On 14 July 2009 the Company's capital was consolidated whereby for every existing ten securities in the company, one new security was issued and on that date the Company undertook a placement of 5,000,000 (post consolidation) ordinary shares at 10 cents per share, raising $500,000.

On 7 August 2009 Mr Mick Aw was appointed a Non-executive Director of the Company.

On 24 August 2009, the lease of the Company's former office premises at Herdsman was assigned.

On 16 September 2009, the Company announced a placement of 16,666,667 ordinary shares in the Company at $0.15 per share to raise $2,500,000 before capital raising costs.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The likely developments in the Company's operations, to the extent that such matters can be commented upon, are covered in the Review of Operations on pages 3 to 7 of the Annual Report. In the opinion of the Directors, disclosure of information regarding the expected results of those operations in financial years after the current financial year is not predictable at this stage, or may prejudice the interests of Holista CollTech Ltd. Accordingly this information has not been included in this report.

DIRECTORS' REPORT (CONT'D)

ENVIRONMENTAL ISSUES

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.

INFORMATION ON DIRECTORS

The names and particulars of Directors of the Company in office at any time during or since the end of the financial year are:

Mr Stephen Carter FAIM MAICD MRACI - Non-executive Chairman - Appointed 1 January 2006

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.

Experience : Mr. Carter has been involved with the international pharmaceutical industry for over 20 years holding senior management positions with international pharmaceutical companies Upjohn and Pharmacia providing him with extensive experience in development and comercialisation of new products as well as strengths in commissioning Good Manufacturing Practice (GMP) facilities, managing clinical, regulatory and IP programs .

In the 3 years immediately before the end of the financial year Mr Stephen Carter also served as a director of Solbec Pharmaceuticals Ltd, a public listed company.

Dato' Dr M Rajendran B Ph.(Hons) Managing Director -Appointed 10 July 2009

Dato' Dr Rajen began his career as an intern pharmacist at the Kuala Lumpur General Hospital from 1986 – 1987. In 1987 he joined Lee Pharmacy as a community Pharmacist. Over a period of 9 years, Dr Rajen worked for several reputable pharmaceutical companies including Roche and CIBA Pharmaceuticals in various capacities including medical representative, product manager and marketing manager. In 1995, he incorporated Total Health Concept, which was restructured into Holista Group Sdn Bhd in January 2004 and has been Managing Director and major shareholder from inception of this group until its acquisition by Holista CollTech Limited in July 2009. He is a prominent figure in the Malaysian biotech industry, an industry which receives significant support and encouragement from the Malaysian government.

Dato' Dr Rajen has been a guest lecturer in alternative medicine at the University of Malaysia, the National University of Malaysia and the International Medical University in Malaysia. He is also a health columnist for the Sunday Times- Malaysia's second largest Sunday newspaper and writes a monthly column on biotech and business for The Edge, Malaysia's largest business weekly.

Dato' Dr Dato' Dr Rajen is a member of the Malaysian Ministry of Health Standing Committee for Traditional Medicine and until March 2009 was on the board of Malaysian Herbal Corporation Sdn Bhd, a wholly owned subsidiary of the Malaysian Industry - Government Group for High Technology.

Mr Michael Pixley BBus - Non-executive Director - Appointed 28 September, 2006

Mr Pixley has more than 20 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 Deputy CEO of Natural Fuel Ltd and has previously held overseas directorships with Transocean Securities, Co-don Asia Pacific, CPI Inc and Imagine Interactive Pte Ltd. Mr Pixley was CollTech's Chief Executive from February 2004 to September 2006.

In the 3 years immediately before the end of the financial year Mr Michael Pixley also served as a director of Natural Fuel Limited and Sam's Seafood Holdings Limited both public listed companies.

Mr Ravindran Govindan - Non-executive Director - Appointed 30 May 2008

Experience: Mr Govindan is a very experienced businessman having co-founded companies in retail, biotech, medical devices, information technology, emerging technologies, real estate and manufacturing. He provides strategic advice on Asia Pacific Region for Latona Associates Inc, a private investment and financial advisory firm based in New York, USA and was the group President of the Fisher Scientific group of companies in the Asia Pacific Region.

His current portfolio encapsulates several chairmanships, board memberships and entrepreneurial ventures that have launched into successful public company listings such as Time Medical Inc in USA and ProcureChina Pte Ltd, I–Flapp Technolgies Pte Ltd and I Nuovi Cosmetics in Singapore. Mr Govindan also provides business consultancy to private and public enterprises, financial institutions and highly influential individuals in this region.

DIRECTORS' REPORT (CONT'D)

In the 3 years immediately before the end of the financial year Mr Ravindran Govindan also served as a director of the following listed companies:

Costarella Design Limited*
MedTech Global Limited*
Agenix Limited
Magnus Energy Group Limited

* denotes current directorships

Dr Fathil Bin Mohamed PhD- Non-executive Director - Appointed 15 May 2008

Dr Fathil has a PhD in Microbiology and Genetic Engineering, and has over 25 years as an entrepreneur. Dr Fathil is a former lecturer at the National University of Malaysia in the areas of microbiology, molecular biology and food science. He has first hand and in-depth experience in food manufacturing and global marketing, as among the first to introduce domestic Malaysian savoury products onto the shelves of supermarkets across the globe.

Dr Fathil was instrumental in the development of the Halal Certification and Standards in Malaysia, and worked closely with Jabatan Kemajuan Islam Malaysia ("JAKIM") during this time. Dr. Fathil is one of the pioneers and the key promoter of the concept of Quality and Traceability of Halal products for the Muslim market. During the period he was constantly engaged on lecture tours propagating the concept to parts of Europe, Middle East countries, the United States, Thailand and the Philippines.

Mr. Cheok Huat (Mick) Aw – M.Com., B.Acc., FCA Non-executive Director -Appointed 7 August 2009

Mr. Aw holds a Master of Commerce degree from the University of New South Wales and a Bachelor of Accountancy degree from the University of Singapore. He is a Fellow of the Institute of Chartered Accountants in Australia.

Mr. Aw has substantial experience with large international accounting firms both in Australia and Singapore. He was previously Vice President of the Institute of Certified Public Accountants in Singapore and has held the position of Chairman of its Accounting Standards Committee. He has been on the boards of several listed companies and was also a council member of the Singapore Confederation of Industries.

He is currently the Managing Director of MS Corporate Finance Pte Ltd, a boutique corporate finance house with a Capital Markets Services license. In this role he has been involved in various corporate restructuring exercises, mergers, acquisitions and equity raisings

GENERAL MANAGER:

Dr Deborah Cooper BSc (Hons) MSc PhD - Appointed 1 November 2007

Dr Cooper has more than fifteen years R&D experience in biotech and academia, including clinical manufacturing, regulatory affairs 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.

Dr Cooper commenced with CollTech in the role of Chief Scientific Officer in November 2005.

COMPANY SECRETARY:

Mr Alan Boys B. Com.,CA - Appointed 24 October 2008

Mr Boys is a Chartered Accountant with over 25 years experience in public accounting and corporate advisory services, including the provision of secretarial services to public companies.

Mr Boys also holds the position of Chief Financial Officer for the Company.

DIRECTORS' REPORT (CONT'D)

As at the date of this report , the releveant interests of Directors in the shares or in options over shares of the Company (expressed on a post Consolidation basis) are as follows:

	Ordinary Shares	Listed Options	Unlisted Options
Directors:			
Mr Stephen Carter	78,480	257,481	200,000
Mr Michael Pixley	793,333	33,333	200,000
Mr Ravindran Govindan	2,061,119	743,349	200,000
Dr Fathil Bin Mohamed	3,686,274	2,777,777	200,000
Dato' Dr M Rajendran	70,000,000	-	-
Mr Cheok Huat (Mick) Aw	4,000,000	-	-
	80,619,206	3,811,940	800,000

REMUNERATION REPORT (Audited)

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

The following persons acted as directors during or since the end of the financial year:

Mr Stephen Carter	Non-executive Chairman	
Mr Michael Pixley	Non-executive Director	
Mr Ravindran Govindan	Non-executive Director	
Dr Fathil Bin Mohamed	Non-executive Director	
Dato' Dr M Rajendran	Managing Director	- Appointed 10 July 2009
Mr Cheok Huat (Mick) Aw	Non-executive Director	- Appointed 7 August 2009

The term 'senior management' is used in this remuneration report to refer to the following persons.

Dr Deborah Cooper	General Manager
Mr Glen Brune	Company Secretary / Chief Financial Officer – Resigned 24 October 2008
Mr Alan Boys	Company Secretary / Chief Financial Officer – Appointed 24 October 2008

Except as noted, the named persons held their current position during the whole of the financial year and up to the date of this report unless stated otherwise.

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 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.

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (Audited) (Cont.)

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 year ended 30 June 2009 is detailed in the table on the following page.

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

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

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

Variable remuneration

The Company's primary activities during the past financial year, and focus of variable remuneration, has been streamlining business operations 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. No annual bonus payments were made during the year (2008: nil).

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 21.

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 $29,981 (2008: $17,033).

Employment contracts

Details of additional employment agreement information for named executives in the employ of the company at the end of the year is provided below:

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (Audited) (Cont.)

	Dr Deborah Cooper	Mr Alan Boys
a) Commencement date	4 September 2005	24 October 2008
b) Termination date of contract	No fixed date.	No fixed date
c) Period of notice for resignation/termination	3 months	1 month

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 Agreement with Dr. Cooper provides for the termination of the agreement by paying a severance payment of up to three months in addition to notice period.

f) Alan Boys agreement: The Company Secretary, Mr Alan Boys was initially an employee of Transocean Consulting Services Pty Ltd and from 1 March 2009 of Dubois Group Pty Ltd. The contract with both companies provided that these companies would provide the services of Mr. Alan Boys and other of its employees to undertake accounting and the secretarial role of the Company. The current contract with Dubois Group Pty Ltd provides for the payment of fees on an hourly basis ane one months notice of termination is required of either party.

Remuneration of directors and named executives

		Primary			Post emp.	Equity		
	Year ended 30 June	Salary & fees $	Cash bonus $	Non-cash benefits $	Superannuation $	Options $	Other $	Total $
Table 1: Non-executive Directors' remuneration:								
Mr Stephen Carter	2009	65,000	-	-	5,850	27,000	-	97,850
	2008	65,000	-	-	5,850	-	-	70,850
Mr Michael Pixley	2009	32,000	-	-	2,880	27,000	-	61,880
	2008	40,000	-	-	3,600	-	-	43,600
Mr Ravindran Govindan	2009	10,666	-	-	-	27,000	-	37,666
	2008	2,667	-	-	-	-	-	2,667
Dr Fathil Bin Mohamed	2009	10,666	-	-	-	27,000	-	37,666
	2008	4,000	-	-	-	-	-	4,000
	2009	118,332	-	-	8,730	108,000	-	235,062
	2008	111,667	-	-	9,450	-	-	121,117
Table 2: Executives' remuneration:								
Dr Deborah Cooper	2009	185,000	-	-	16,650	-		201,650
	2008	174,205	-	10,275	16,650	41,500	-	242,630
Mr Alan Boys[1]	2009	88,900	-	-	-	-	-	88,900
	2008	-	-	-	-	-	-	-
Mr Glen Brune	2009	61,416	-	-	5,527	-	-	66,943
	2008	167,500	-	-	15,075	28,500	-	211,075
	2009	335,316	-	-	22,177	-	-	357,493
	2008	341,705	-	10,275	31,725	70,000	-	453,705

Note 1: Mr Alan Boys remuneration paid by way of fees to Transocean Consulting Services Pty Ltd and Dubois Group Pty Ltd

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

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (Audited) (Cont.)

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

During the financial year no options were granted as equity compensation benefits under the long-term incentive plan to key management personnel. No share options have been granted to the non-executive members of the Board of Directors under this scheme. For the year ended 30 June 2009, share options were issued to non executive directors following approval by shareholders at general meeting. For further details relating to the options, refer to Note 21.

2009	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 remun-eration
Mr Stephen Carter	23/10/08	2,000,000	2,000,000	$0.0135	$0.04	-	-	-	27.6%
Mr Michael Pixley	23/10/08	2,000,000	2,000,000	$0.0135	$0.04	-	-	-	43.6%
Mr Ravindran Govindan	23/10/08	2,000,000	2,000,000	$0.0135	$0.04	-	-	-	71.7%
Dr Fathil Bin Mohamed	23/10/08	2,000,000	2,000,000	$0.0135	$0.04	-	-	-	71.7%

2008	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 remun-eration
Dr Deborah Cooper	30/06/08	3,000,000	3,000,000	$0.0135	$0.04	N/A	N/A	N/A	16.7%
Mr Glen Brune	30/06/08	2,000,000	2,000,000	$0.0135	$0.04	N/A	N/A	N/A	13.0%

* Fair values of options granted 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 21.

This is the end of the Remuneration Report

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:	**5**	**1**	**-**	**-**
Number of meetings attended:				
Mr Stephen Carter	4	1	-	-
Mr Michael Pixley	5	1	-	-
Mr Ravindran Govindan	4	-	-	-
Dr Fathil Bin Mohamed	5	-	-	-

DIRECTORS' REPORT (CONT'D)

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 2009.

Non-audit services

During the year ended 30 June 2009 our auditors, HLB Mann Judd, did not provide any non-audit services.

Signed in accordance with a resolution of the directors.

Michael Pixley
Director

Perth, Western Australia
September 30, 2009

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Holista CollTech Limited (formerly CollTech Australia Limited) for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Holista CollTech Limited.

Perth, Western Australia
30 September 2009

W M CLARK
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 2 15 Rheola Street West Perth 6005 PO Box 263 West Perth 6872 Western Australia. Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Corporate Governance Statement

STATEMENT

Holista Colltech 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 Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2	✓		Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2		✓
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3[3]	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3[3]	n/a	n/a
Recommendation 4.2	✓				

1 Indicates where the Company has followed the Principles & Recommendations.
2 Indicates where the Company has provided "if not, why not" disclosure.
3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.colltech.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Charters	**Recommendation(s)**
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Selection and Appointment of New Directors	2.6
Performance Evaluation of the Board, Board Committees and Individual Directors	1.2, 2.5
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct	3.1, 3.3
Compliance Procedures for ASX Listing Rule Disclosure Requirements (summary)	5.1, 5.2
Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Strategy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2008/2009 financial year ("**Reporting Period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Chair is responsible for evaluating the senior executives. The Chair evaluates the senior executives by holding informal discussions with the senior executives on an ongoing basis, as required.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1.*

Disclosure:

During the Reporting Period an evaluation of senior executives did not occur. Following the acquisition of the Holista group, evaluations will take place in the current reporting period.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors. As at 30 June 2009 the following directors were appointed to the Board of the Company:

Name	Position	Independent
Mr Stephen Carter	Non-executive Chairman	Yes
Mr Michael Pixley	Non-executive Director	Yes
Mr Ravindran Govindan	Non-executive Director	No
Dr Fathil Bin Mohamed	Non-executive Director	No

An independent director is a non-executive director and;

- Is not a substantial shareholder of the Company or an officer of or directly or indirectly associated with a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company, or been a director after ceasing to hold any such employment;
- Within the past three years has not been a principal of a material professional advisor or a material consultant to the Company or an employee associated with a such a material service provider or advisor; and,
- Does not have a material contractual relationship with the Company other than as a director of the Company.

Notification of Departure:

The Board does not have a majority of independent directors.

Explanation for Departure:

During the Reporting Period, the independent directors of the Board were Stephen Carter and Michael Pixley and the non independent directors were Fathil Bin Mohamed and Ravidran Govindan.

During the Reporting Period the Company was in a dormant state, and was relatively inactive while it undertook a search for new directors and new opportunities to progress the Company.

Accordingly, during this inactive time, the Board considered it was not appropriate or necessary to follow Recommendation 2.1. However, the Board is aware of the importance of independent judgment and considers independence, amongst other things, when new appointments to the Board are made.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The independent Chair of the Board is Stephen Carter.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer (or equivalent) should not be exercised by the same individual.

Disclosure:

During the Reporting Period the General Manager (being equivalent to the Chief Executive Officer) was Deborah Cooper, who is not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Notification of Departure:

The full Board fulfils the function of a Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a Nomination Committee. Given the Company's current size and composition, the Board considers that no efficiencies or other benefits would be gained by establishing a separate Nomination CommitteeItems that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair evaluates the Board, individual directors, any applicable committees and the General Manger by holding informal discussions with these parties on an ongoing basis, as required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

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

Identification of Independent Directors

The independent directors of the Company are Stephen Carter and Michael Pixley. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

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

Nomination Matters

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however the Board discussed nomination-related matters from time to time during the year as required. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1 and Recommendation 4.2:

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board

has at least three members.

Disclosure:

The Board has established an Audit committee that is structured in accordance with Recommmendation 4.2.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

The Audit Committee, held one meeting during the Reporting Period. The Audit Committee, it has adopted an Audit Committee Charter.

Details of each of the director's qualifications are set out in the Directors' Report. While none of the Audit Committee members have formal financial qualifications, all members have industry knowledge and experience and consider 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.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Chief Executive Officer may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.]

On 30 September 2009, the Board resolved to review, formalise and document the management of its material business risks and expects to implement this system by 31 December 2009. This system is expected to include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be reviewed quarterly and updated, as required.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should

CORPORATE GOVERNANCE STATEMENT (CONT'D)

disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Notification of Departure:

Management has not report to the Board as to the effectiveness of the Company's management of its material business risks.

Explanation for Departure:

As the Board has only required management to design and implement a process for managing the Company's material business risks after the end of the reporting period, management is unable to provide a report to the Board as to the effectiveness of the Company's management of its material business risks for the Reporting Period. It is noted that the Company has begun the process of implementing a system to manage the Company's material business risks and it is expected that management will be able to report to the Board as to the effectiveness of the Company's management of its material business risks with respect to the forthcoming reporting period.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has not received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a Remuneration Committee. Given the current size and composition of the Company, the Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. The Board has adopted a Remuneration Committee Charter which it applies, as relevant. Further in accordance with the Corporations Act requirements, no directors participate in any deliberations regarding their own remuneration or related issues.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. Non-executive directors may be issued options, to minimise the cash outgoings of the Company and to better align the interests of the company, it stakeholders and those directors. The grant of any options will be subject to prior shareholder approval.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Disclosure:

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

The full Board did not officially convene as a Remuneration Committee during the Reporting Period, however the Board discussed remuneration-related matters from time to time during the year as required. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter.The explanation for departure is set out under

Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.
There are no termination or retirement benefits for non-executive directors (other than for superannuation).

During the Reporting Period the Company did not publicly disclose its policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. However, the Company's position is that such transactions are prohibited.

The Company expects to adopt a revised Remuneration Committee Charter during the 2009/2010 financial year, which charter will include a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 $	2008 $
Revenue	2	131,882	265,251
Depreciation expense	3	(179,686)	(204,747)
Borrowing costs expense	3	(32,952)	(46,097)
Share based payments	3	(122,030)	(118,822)
Other expenses	3	(1,761,624)	(2,425,711)
Loss before income tax benefit		(1,964,410)	(2,530,126)
Income tax benefit	4	44,739	645,528
Net loss attributable to members		(1,919,671)	(1,884,598)
Basic loss per share (cents per share)	6	(0.71 cents)	(1.02 cents)
Diluted loss per share (cents per share)	6	(0.71 cents)	(1.02 cents)

The accompanying notes form part of this financial statement.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 $	2008 $
CURRENT ASSETS			
Cash and cash equivalents	7	408,340	1,079,772
Trade and other receivables	8	16,297	352,782
Inventories	9	-	201,698
Other	10	23,133	61,088
TOTAL CURRENT ASSETS		447,770	1,695,340
NON-CURRENT ASSETS			
Other financial assets	11	-	240,000
Property, plant and equipment	12	2,129,378	2,324,129
TOTAL NON-CURRENT ASSETS		2,129,378	2,564,129
TOTAL ASSETS		2,577,148	4,259,469
CURRENT LIABILITIES			
Trade and other payables	13	119,044	324,558
Borrowings	14	290,051	196,586
TOTAL CURRENT LIABILITIES		409,095	521,144
NON-CURRENT LIABILITIES			
Borrowings	14	-	272,587
TOTAL NON-CURRENT LIABILITIES		-	272,587
TOTAL LIABILITIES		409,095	793,731
NET ASSETS		2,168,053	3,465,738
EQUITY			
Issued capital	15	13,068,445	12,568,489
Reserves	15	911,202	789,172
Accumulated losses	15	(11,811,594)	(9,891,923)
TOTAL EQUITY		2,168,053	3,465,738

The accompanying notes form part of this financial statement.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 $	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		36,388	37,347
Payments to suppliers and employees		(1,637,888)	(2,573,075)
Interest received		34,359	65,455
Finance costs		(32,952)	(46,097)
Government grant		364,300	89,850
Income tax received		-	395,528
Net cash used in operating activities	7	(1,235,793)	(2,030,992)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,387)	(27,140)
Proceeds from the sale of property, plant and equipment		6,083	-
Net cash provided by/(used in) investing activities		1,696	(27,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		515,000	2,015,116
Costs of share issue		(15,044)	(125,947)
Funds held as security deposit		240,000	140,000
Proceeds from borrowings		-	45,448
Repayment of borrowings		(177,291)	(208,666)
Net cash provided by financing activities		562,665	1,865,951
Net decrease in cash held		(671,432)	(192,181)
Cash at the beginning of the financial year		1,079,772	1,271,953
Cash at the end of the financial year	7	408,340	1,079,772

The accompanying notes form part of this financial statement.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

2009	Note	Ordinary Shares $	Accumulated Losses $	Option Reserve $	Total $
EQUITY					
Balance as at 1 July 2008		12,568,489	(9,891,923)	789,172	3,465,738
Shares issued during the year	15	515,000	-	-	515,000
Share issue costs	15	(15,044)	-	-	(15,044)
Net loss attributable to members	15	-	(1,919,671)	-	(1,919,671)
Option reserve and recognition of bonus element of options	15	-	-	122,030	122,030
Balance as at 30 June 2009		13,068,445	(11,811,594)	911,202	2,168,053

The accompanying notes form part of this financial statement.

2008	Note	Ordinary Shares $	Accumulated Losses $	Option Reserve $	Total $
EQUITY					
Balance as at 1 July 2007		10,670,320	(8,007,325)	679,350	3,342,345
Shares issued during the year	15	2,024,116	-	-	2,024,116
Share issue costs	15	(125,947)	-	-	(125,947)
Net loss attributable to members	15	-	(1,884,598)	-	(1,884,598)
Option reserve and recognition of bonus element of options	15	-	-	109,822	109,822
Balance as at 30 June 2008		12,568,489	(9,891,923)	789,172	3,465,738

The accompanying notes form part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 Holista as an individual company. Holista 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. The Company's principal activities are the development and commercialisation of sheep collagen and collagen based healthcare products.

(b) Adoption of new and revised standards

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods, The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company as follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 Si 139 and interpretations 9 & 1071 (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 1361 (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application, in this regard, its impact on the Company will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;

- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;

- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;

- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Company's policy);

- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;

- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and

- where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Company will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007.3: Amendments to Australian Accounting Standards arising from AASB 8 (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

- AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing front January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

(c) Statement of compliance

The financial report was authorised for issue by the Board of Directors on 30 September, 2009.

The financial report complies with Australian Accounting Standards, which includes 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 application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 21.

(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 except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(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.

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).

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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 Holista CollTech 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. 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 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. The company has an income tax benefit representing the R&D tax concession the Company is likely to receive in the next twelve months for the year ended 30 June 2009.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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:

- 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

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

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

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings – over 20 years
- Plant and equipment – over 2½ to 20 years

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(q) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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 Black & Scholes model, further details of which are given in Note 21.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than market conditions linked to the price of the shares of Holista CollTech (ASX:HCT) 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.

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 a surplus of current assets over current liabilities of $38,605. On 10 July 2009, the Company acquired the entire issued capital of Holista Biotech Sdn Bhd. Further, the Company raised $500,000 (before costs) by way of a placement on 14 July 2009 and announced a further placement to raise $2,500,000 (before costs) on 16 September 2009 of which in excess of $1,600,000 has been remittted to the Company as at the date of this report.

The Board of the Company considers that based on its assessment of operating cashflows and the capital raised to date, that it is appropriate to the Company's current circumstances, to prepare its financial staements on a going concern basis.

(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 Company, 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 Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- 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	Note	2009 $	2008 $
Operating activities			
Sale of goods		9,200	37,553
Interest received on deposits		34,359	67,848
Income – government assistance		49,032	159,850
Other		39,291	-
		131,882	265,251

NOTE 3: EXPENSES

Loss before income tax benefit tax has been determined after charging as expenses:

	Note	2009 $	2008 $
Depreciation			
Property, plant and equipment		179,686	204,747
		179,686	204,747
Borrowing costs			
Interest expense		32,952	46,097
		32,952	46,097
Share based payments			
Issue of options for services provided	21	122,030	109,822
Issue of shares for services provided	15	-	9,000
		122,030	118,822
Other expenses			
Operating expenses – Collie facility		318,037	567,892
Auditors' remuneration	16	27,500	31,000
Office rent and variables		117,646	71,838
Public company administration		98,347	345,904
Travel and accommodation		36,550	191,117
Payroll (excl Collie facility)		592,170	750,463
Consultancy and professional services		-	337,819
Loss on disposal of assets		-	804
Other expenses		571,374	128,874
		1,761,624	2,425,711

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 4: INCOME TAX

NOTE 4: INCOME TAX	2009 $	2008 $
Income tax recognised in profit or loss:		
The major component of tax benefit is:		
R&D tax concession prior year – received in current year	4,293	(395,528)
R&D tax concession accrued for current year	(49,032)	(250,000)
	(44,739)	(645,528)
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	(1,964,411)	(2,530,126)
Income tax (benefit) calculated at 30%	(589,323)	(759,038)
Non-deductible expenses	41,581	40,342
R&D tax concession prior year, received in current year	4,293	(395,528)
R&D tax concession accrued for current year	(49,032)	(250,000)
Unrecognised tax losses	637,684	782,248
Unrecognised deferred tax asset/(liability)	(89,942)	(63,552)
Income tax benefit reported in the income statement	(44,739)	(645,528)

The Company has tax accumulated losses arising in Australia of $8,864,190 (2008: $6,705,886). With the acquisition after the end of the 2009 financial year of Holista Biotech Sdn Bhd and the consequential issue of shares of the Company to its vendor, the Company is unlikely to meet tests applied by the Australian Taxation Office for the offset of these losses against future income of the Company. At 30 June 2009 the Company has not recorded the benefit arising from these tax losses as an asset.

NOTE 5: SEGMENT REPORTING

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:		
Net loss	(1,919,671)	(1,884,598)
Adjustment	-	-
Losses used in calculating basic and diluted earnings per share	(1,919,671)	(1,884,598)
	No.	No.
Weighted average number of ordinary shares used in calculating basic earnings per share:	271,560,332	184,022,883
Effect of dilutive securities		
Share options - It is not considered that the 16,620,000 (2008: 12,010, 000) unlisted options on issue and the 64,313,083 (2008: 64,313,083) listed options 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	271,560,332	184,022,883

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7: CASH AND CASH EQUIVALENTS	2009 $	2008 $
Current		
Cash at bank	182,440	1,061,797
Security deposits	225,900	17,975
	408,340	1,079,772

Represents the term deposits held as security in relation to hire purchase liabilities entered into with National Australia Bank.

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

Net loss	(1,919,671)	(1,884,598)
Adjustments for non-cash items:		
Depreciation	179,686	204,747
Loss on disposal of asset	-	804
Issue of options for services provided	122,030	109,822
Property, plant and equipment written off	13,369	9,000
(Increase)/decrease in assets:		
Receivables	336,485	(307,538)
Inventories	201,698	(75,999)
Other assets	37,955	(17,370)
Increase/(decrease) in liabilities:		
Trade and other creditors	(207,345)	(69,860)
Net cash used in operating activities	(1,235,793)	(2,030,992)

NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES		
Trade receivable	16,297	4,194
Tax receivable	-	276,195
Accrued income	-	72,393
	16,297	352,782

NOTE 9: INVENTORIES		
Raw materials	-	36,311
Finished goods	-	165,387
	-	201,698

NOTE 10: CURRENT OTHER ASSETS		
Prepayments	23,133	61,088

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11: OTHER FINANCIAL ASSETS	Note	2009 $	2008 $
Non-current			
Security deposits		-	240,000
		-	240,000

Represents the term deposits held as security in relation to hire purchase liabilities entered into with National Australia Bank.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT			
At cost		3,044,513	3,092,481
Accumulated depreciation		(915,136)	(768,352)
		2,129,378	2,324,129
Movements in carrying amounts:			
Balance at the beginning of the year		2,324,129	2,502,540
Additions		4,387	27,139
Disposals		(6,083)	(803)
Depreciation expense		(179,686)	(204,747)
Writeoffs		(13,369)	-
Carrying amount at the end of the year		2,129,378	2,324,129

NOTE 13: TRADE AND OTHER PAYABLES (CURRENT)			
Trade creditors and accruals		108,990	308,350
Annual leave accrual		10,054	16,208
		119,044	324,558

NOTE 14: INTEREST BEARING LOANS AND BORROWINGS			
Current			
Insurance premium funding		16,719	18,550
Hire purchase liability	18	273,332	178,036
		290,051	196,586
Non-current			
Hire purchase liability	18	-	272,587

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15: ISSUED CAPITAL AND RESERVES	2009 No.	2008 No.	2009 $	2008 $
Ordinary shares issued and fully paid (expressed on a pre-consolidation basis)				
Balance at the beginning of the financial year	257,252,333	160,617,433	12,568,489	10,670,320
Movements during the year:				
Private placement – December 2008	20,000,000	-	200,000	-
Rights Isssue – June 2009	31,500,000	-	315,000	-
Private placement – July 07	-	7,264,675	-	435,881
Employee Share Plan – January 2008	-	257,139	-	9,000
Private placement – March 2008	-	24,800,003	-	421,600
Rights Issue – May 2008	-	64,313,083	-	1,157,635
Shares issued during the year	51,500,000	96,634,900	515,000	2,024,116
Share issue costs	-	-	(15,044)	(125,947)
Balance at the end of the financial year	308,752,333	257,252,333	13,068,445	12,568,489

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.

Share options – unlisted

Expiry date	Exercise price	Opening Balance No.	Issued during the year No.	Forfeited / expired during the year No.	Closing Balance No.
27 May 2009	$0.25	390,000	-	(390,000)	-
30 Sept 2008	$0.15	650,000	-	(650,000)	-
31 Mar 2009	$0.10	650,000	-	(650,000)	-
17 May 2009	$0.10	2,200,000	-	(2,200,000)	-
02 Aug 2009	$0.10	350,000	-	-	350,000
09 Feb 2010	$0.10	1,040,000	-	-	1,040,000
30 Jul 2010	$0.10	130,000	-	-	130,000
30 Jun 2011	$0.04	6,600,000	-	-	6,600,000
22 Aug 2011	$0.04	-	500,000	-	500,000
23 Oct 2011	$0.04	-	8,000,000	-	8,000,000
		12,010,000	8,500,000	(3,890,000)	16,620,000

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 21).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15: ISSUED CAPITAL AND RESERVES (CONT'D)

Share options – listed

Expiry date	Exercise price	Balance at 1 July 2008	Issued during the year	Forfeited / expired during the year	Balance at 30 June 2009
		No.	No.	No.	No.
31 October 2009	$0.04	64,313,083	-	-	64,313,083
		64,313,083	-	-	64,313,083

Reserves	2009 $	2008 $
Employee equity benefits reserve at beginning of year	789,172	679,350
Movements in employee equity benefits reserve during the year:		
Share based payment	122,030	109,822
Employee equity benefits reserve at end of year	911,202	789,172

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 21 for further details of this plan.

Accumulated losses

Accumulated losses at the beginning of the financial year	(9,891,923)	(8,007,325)
Movements in accumulated losses during the year:		
Net loss attributed to members	(1,919,671)	(1,884,598)
Accumulated losses at the end of the financial year	(11,811,594)	(9,891,923)

NOTE 16: AUDITORS' REMUNERATION

The auditor of Holista CollTech Limited is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

An audit or review of the financial reports of the entity	27,500	31,000

NOTE 17: FINANCIAL INSTRUMENTS

Capital risk management

In employing its capital (or net equity as it is referred to on the balance sheet) the Company seeks to ensure that it will be able to continue as a going concern and in time provide value to shareholders by way of increased market capitalisation or dividends. In the current stage of its development, the company has invested its available capital heavily to provide working capital to enable the Company to advance the research and development of its medical grade collagen and for existing and ongoing working capital requirements specifically to fund focused sales and marketing activities. As is appropriate at this stage the majority of the Company's funding is by equity.

As it moves forward to commercialise these intangible assets, the Company will adjust its capital structure to support its operational and strategic objectives, by raising additional capital or taking on debt, as is seen appropriate from time to time given the overriding objective of creating shareholder value. In this regard, the board will consider each step forward in the development of the Company on its merits and in the context of the then capital markets, in deciding how to structure capital raisings.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: FINANCIAL INSTRUMENTS (CONT'D)

Categories of 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:

	2009 Interest Rate %	2008 Interest Rate %	2009 $	2008 $
Financial assets:				
Cash and cash equivalents	2.2	7.1	408,340	1,319,772
Loans and receivables	-	-	16,297	352,782
			424,637	1,672,554
Financial liabilities:				
Trade and other payables	-	-	119,044	324,558
Borrowings	7.2	8.3	290,051	469,173
			409,095	793,731

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. The Company's classes of financial assets and financial liabilities, is as follows:

	Interest rate	Less than 1 month	1 – 3 months	3 months - 1 year	1 – 5 years
2009	%	$	$	$	$
Financial assets:					
Cash and cash equivalents	2.2	170,440	12,000	225,900	-
Financial liabilities:					
Borrowings	7.2	19,678	70,066	200,307	-
2008					
Financial assets:					
Cash and cash equivalents	7.1	1,319,772	-	-	-
Financial liabilities:					
Borrowings	8.3	18,851	38,126	139,609	272,587

Interest rate risk sensitivity analysis

Financial liabilities – the majority of the financial liability relates to long term funding of its plant and equipment arranged in 2004 by using a fixed interest rate hire purchase loan. Hence, the Company is not exposed to interest rate fluctuations on its borrowings.

Financial assets – the company is exposed to increases and decrease in the interest rate it earns on its cash and cash equivalents, although considered immaterial. At reporting date if interest rates had been 50 basis points higher or lower on these assets and all other variables were held constant, the Company's net profit would increase by $2,042 and decrease by $2,042 (2008 : $4,800).

The Company is not sensitive to interest rates as it is funded primarily by equity.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 18: COMMITMENTS	Note	2009 $	2008 $
Hire purchase commitments			
Commitments are payable as follows:			
Within the period of 12 months		281,998	208,138
Within the period of 12 months to 5 years		-	281,253
Minimum hire purchase payments		281,998	489,391
Less future finance charges		(8,666)	(38,768)
Total hire purchase liability		273,332	450,623
Included in the financial statements as follows:			
Current liability	14	273,332	178,036
Non-current liability	14	-	272,587
		273,332	450,623
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		119,469	23,109
Within the period of 12 months to 5 years		149,136	36,470
Later than 5 years		91,999	101,116
		360,604	160,695

On 24 August 2009, the company assigned the lease over its former office premises at Herdsman W.A. This assignment has reduced the total lease commitment shown above by $144,600.

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		109,908	125,306

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, as follows:

Specified directors' and named executives' remuneration

Details of specified directors' and named executives' remuneration are disclosed in the Remuneration Report section of the Directors' Report.

Transactions with specified directors and named executives

(i) The Company has a Consultancy Agreement with Pearlcove Investments Pty Ltd, an associate of Mr Stephen Carter. The services are provided for a consultancy fee at commercial rates. During the financial year the Company paid consulting fees to Pearlcove Investments Pty Ltd of $12,100 (2008: $51,400).

(ii) The Company used the services of Mercatus Capital Pte to assist with underwriting a rights issue. Mr Govindan and Dr Fathil are Directors of Mercatus Capital. During the financial year the Company issued 1,500,000 Ordinary shares at $0.01 per share in the Company to Mercatus Capital in satisfaction of its underwriting fee of $15,000 (2007: $34,729). The services were paid for at commercial rates.

(iii) The Company appointed Transocean Consulting Services Pty Ltd to provide the services of Mr Alan Boys as Company Secretary and Chief Financial Officer on 24 October 2008 and to provide other support staff of that company as required to undertake the accounting and administrative functions of the Company. Transocean Consulting Services Pty Ltd is not an associate of Mr Alan Boys and during the year was paid $42,000 (2008: $nil). On 1 March 2009, the Company replaced Transocean Consulting Services Pty Ltd with Dubois Group Pty Ltd, an associate of Mr Alan Boys, to undertake this role and for the period 1 March 2009 to 30 June 2009 was paid $46,900 (2008:$nil.). These services were paid for at commercial rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

The following transactions have taken place since the end of the financial year which have or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future years are set out below:

On 10 July 2009, the Company acquired 100% of the issued capital of Holista Biotech Sdn Bhd by way of the issue of 770,000,000 ordinary shares in the Company and on that same date Dato' Dr M Rajendran was appointed managing Director.

On 14 July 2009, the Company consolidated it securities by issuing one new security for every existing ten securities.

On 14 July 2009, the Company undertook a placement of 5,000,000 (post consolidation) shares at 10 cents per share, raising $500,000.

On 16 September 2009, the Company announced a placement of 16,666,667 shares at $0.15 per share to raise $2,500,000 before costs. At the date of this report, the placement was not finalised.

NOTE 21: SHARE BASED PAYMENT PLANS

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 and the Company's Employee Share Plan.

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

Movement in unlisted share options:	2009 No.	2009 Weighted average exercise price	2008 No.	2008 Weighted average exercise price
Outstanding at beginning of the year	12,010,000	$0.14	6,830,000	$0.14
Granted during the year	8,500,000	$0.04	9,250,000	$0.06
Forfeited during the year	-	-	(3,040,000)	$0.11
Exercised during the year	-	-	-	-
Expired during the year	(3,890,000)	$0.12	(1,030,000)	$0.25
Outstanding at the end of the year	16,620,000	$0.05	12,010,000	$0.14
Exercisable at the end of the year	16,620,000		11,750,000	

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

Grant Date	Expiry Date	Exercise price	2009 No.	2008 No.
28 May 2004	27 May 2009	$0.25	-	390,000
30 Sep 2005	30 Sep 2008	$0.15	-	650,000
31 Mar 2006	31 Mar 2009	$0.10	-	650,000
17 May 2006	17 May 2009	$0.10	-	2,200,000
02 Aug 2006	02 Aug 2009	$0.10	350,000	350,000
09 Feb 2007	09 Feb 2010	$0.10	1,040,000	1,040,000
30 Jul 2007	30 Jul 2010	$0.10	130,000	130,000
30 Jun 2008	30 Jun 2011	$0.04	6,600,000	6,600,000
22 Aug 2008	22 Aug 2011	$0.04	500,000	-
23 Oct 2008	23 Oct 2011	$0.04	8,000,000	-
			16,620,000	12,010,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 21: SHARE BASED PAYMENT PLANS (CONT'D)

	2009	2008.
Weighted average fair value of options as at grant date	2.6 cents	2.11 cents

Employee share option plan (cont'd)

The following table lists the inputs to the model used to value the options granted during the year:

	2009	2008
Volatility	150%	150%
Risk-free interest rate	6.75%	6.7%
Expected life of option	3 years	3 years
Exercise price	4.0 cents	5.7 cents
Weighted average share price at grant date	1.2 cents	2.9 cents

The carrying amount of the reserve relating to the cash-settled share-based payments at 30 June 2009 is $911,202 (2008: $789,172).

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.

Employee share plan

The CollTech Employee Share Plan was established by the Company to show its recognition of employees' contribution by providing an opportunity to share in the future growth and profitability of the Company. Eligible employees were given the opportunity to receive up to $1,000 worth of shares at no cost to them.

During the year the company company did not issue any shares under this plan.

NOTE 22: DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of key management personnel

The following are the persons refered to as key management personnel

Directors:

Mr Stephen Carter	Non-executive Chairman	
Mr Michael Pixley	Non-executive Director	
Mr Ravindran Govindan	Non-executive Director	
Dr Fathil Bin Mohamed	Non-executive Director	
Dato' Dr M Rajendran	Managing Director	Appointed 10 July 2009
Mr C.H (Mick) Aw	Non-executive Director	Appointed 7 August 2009

Executives:

Dr Deborah Cooper	General Manager
Mr Glen Brune	Company Secretary / Chief Financial Officer- Resigned 24 October 2008.
Mr Alan Boys	Company Secretary / Chief Financial Officer- Appointed 24 October 2008.

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: DIRECTORS' AND EXECUTIVES' DISCLOSURES (CONT'D)

Unlisted option holdings of key management personnel:

The numbers of pre-consolidation options over ordinary shares (unlisted) in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below.

						Vested as at 30 June 2009		
	Opening Balance	Granted as remun-eration	Options exercised (i)	Net change other (ii)	Closing Balance	Total	Exercisable	Not exercisable
2009								
Mr Stephen Carter	2,200,000	2,000,000	-	(2,200,000)	2,000,000	2,000,000	2,000,000	-
Mr Michael Pixley	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Mr Ravindran Govindan	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Dr Fathil Bin Mohamed	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
	2,200,000	8,000,000		(2,200,000)	8,000,000	8,000,000	8,000,000	
Other key management personnel:								
Dr Deborah Cooper	4,000,000	-	-	(650,000)	3,350,000	3,350,000	3,350,000	-
Mr Glen Brune	2,650,000	-	-	-	2,650,000	2,650,000	2,650,000	-
Mr Alan Boys	-	-	-	-	-	-	-	-
	6,650,000	-	-	(650,000)	6,000,000	6,000,000	6,000,000	
	8,850,000	8,000,000		(2,850,000)	14,000,000	14,000,000	14,000,000	
2008								
Directors:								
Mr Stephen Carter	2,200,000	-	-	-	2,200,000	2,200,000	2,200,000	-
Mr Michael Pixley	-	-	-	-	-	-	-	-
Mr Ravindran Govindan	-	-	-	-	-	-	-	-
Dr Fathil Bin Mohamed	-	-	-	-	-	-	-	-
	2,200,000	-	-	-	2,200,000	2,200,000	2,200,000	-
Other key management personnel:								
Dr Deborah Cooper	1,000,000	3,000,000	-	-	4,000,000	4,000,000	4,000,000	-
Mr Glen Brune	650,000	2,000,000	-	-	2,650,000	2,390,000	2,390,000	260,000
Mr Alan Boys	-	-			-	-	-	-
	1,650,000	5,000,000	-	-	6,650,000	6,390,000	6,390,000	260,000
	3,850,000	5,000,000	-	-	8,850,000	8,590,000	8,590,000	260,000

(i) No shares have been issued on exercise of any remuneration options.

(ii) Includes forfeitures and expires.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: DIRECTORS' AND EXECUTIVES' DISCLOSURES (CONT'D)

Listed option holdings of key management personnel

The number of pre-consolidation listed options in the Company held during the financial year by each director of Holista and other key management personnel of the Company, including their personally related parties, are set out below:

	Balance 1 July 2008	Options exercised	Net change other	Balance 30 June 2009
2009				
Directors:				
Mr Stephen Carter	257,481	-	-	257,481
Mr Michael Pixley	333,334	-	-	333,334
Mr Ravindran Govindan	7,433,490	-	-	7,433,490
Dr Fathil Bin Mohamed	27,777,778	-	-	27,777,778
	35,802,083	-	-	35,802,083
Other key management personnel:				
Dr Deborah Cooper	-			-
Mr Glen Brune	112,364	-	-	112,364
Mr Alan Boys	-	-	-	-
	112,364	-	-	112,364
	35,914,447	-	-	35,914,447
2008				
Directors:				
Mr Stephen Carter	-	-	257,481	257,481
Mr Michael Pixley	-	-	333,334	333,334
Mr Ravindran Govindan	-	-	7,433,490	7,433,490
Dr Fathil Bin Mohamed	-	-	27,777,778	27,777,778
	-	-	35,802,083	35,802,083
Other key management personnel:				
Dr Deborah Cooper	-	-	-	-
Mr Glen Brune	-	-	112,364	112,364
Mr. Alan Boys	-	-	-	-
	-	-	35,914,447	35,914,447

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: DIRECTORS' AND EXECUTIVES' DISCLOSURES (CONT'D)

Share holdings of key management personnel

The number of pre-consolidation shares in the Company held during the financial year by each director of Holista and other key management personnel of the Company, including their personally related parties, are set out below:

	Opening Balance	On exercise of options	Net change other	Closing Balance
2009				
Directors:				
Mr Stephen Carter	679,000	-	105,800	784,800
Mr Michael Pixley	7,933,334	-		7,933,334
Mr Ravindran Govindan	13,667,286	-	6,943,911	20,611,197
Dr Fathil Bin Mohamed	30,718,955	-	6,143,791	36,862,746
	52,998,575		13,193,502	66,192,077
Other key management personnel:				
Dr Deborah Cooper	28,571	-	-	28,571
Mr Glen Brune	478,026	-	-	478,026
Mr Alan Boys	-	-	-	-
	506,597	-	-	506,597
	53,505,172		13,193,502	66,698,674
2008				
Directors:				
Mr Stephen Carter	421,519	-	257,481	679,000
Mr Michael Pixley	6,600,000	-	1,333,334	7,933,334
Mr Ravindran Govindan	-	-	13,667,286	13,667,286
Dr Fathil Bin Mohamed	-	-	30,718,955	30,718,955
	7,021,519	-	45,977,056	52,998,575
Other key management personnel:				
Dr Deborah Cooper	-	-	28,571	28,571
Mr Glen Brune	678,337	-	(200,311)	478,026
Mr Alan Boys	-	-	-	-
	678,337	-	(171,740)	506,597
	7,699,856	-	45,805,316	53,505,172

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.

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 2009 and of its 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 year ended 30 June 2009.

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

Mr Michael Pixley

Director

September 30, 2009

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of
HOLISTA COLLTECH LIMITED (formerly CollTech Australia Limited)

Report on the Financial Report

We have audited the accompanying financial report of Holista CollTech Limited, which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration as set out on pages 24 to 46.

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 also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, 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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial 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.

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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

(a) the financial report of Holista CollTech 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 2009 and of its performance for the year ended on that date; 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).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 14 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Holista CollTech Limited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

W M CLARK
Partner

Perth, Western Australia
30 September 2009

Additional Information for Listed Public Companies

Additional information included in accordance with the Listing Rules of the Australian Stock Exchange Limited.

The information is current as at Spetmber 22, 2009. (Note: Holdings are stated on a post-consolidation basis.)

1. Shareholdings

Substantial shareholders of Holista CollTech Limited:

Name of shareholder	Shares held	Listed options held
Dato'Dr. Rajendran Marnickavasagar	77,000,000	-

Distribution of equity – Listed securities:

Size of holding	Number of shareholders	Number of option holders
1 – 1,000	251	53
1,001 – 5,000	316	91
5,001 – 10,000	159	25
10,001 – 100,000	255	24
100,001 – and over	47	6
Total	**1,028**	**199**

At the date of this report there were 389 shareholders and 193 option holders who held less than a marketable parcel of shares.

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

Twenty Largest Security Holders: Issued Shares

Rank	Name of shareholder	Number of shares	% of issued shares
1.	Dato'Dr. Rajendran Marnickavasagar	77,000,000	68.22
2	Mr. Cheok Huat Aw	4,000,000	3.54
3	Dr Fathil Bin Mohamed	3,686,274	3.27
4	Mr Ravindran Govindan	2,061,119	1.83
5	Mr. Lim Ho Kee	1,900,000	1.68
6	Mr Kok Wah Ong	1,609,412	1.43
7	Ms Kian Bee Kuok	1,269,573	1.12
8	Mr Chris Cuffe & Mrs Natasha Cuffe	1,245,019	1.10
9	Mr Harpal Singh	1,000,000	0.89
10	Bakersfield Holdings Pty Ltd	786,666	0.70
11	Dr DK & Mrs K Kennedy <DK Kennedy Suoper Fund A/C>	760,000	0.43
12	IRSS Nominees (21) Limited	660,000	0.58
13	Tristesse Pty Ltd	650,000	0.58
14	Lifescience Securities Limited	600,000	0.53
15	Millepede International Limited	588,235	0.52
16	Dr John Snowden & Mrs Pauline Snowden	553,683	0.49
17	UOB Kay Hian Private Ltd	518,181	0.46
18	Cramm Nominees Pty Ltd	364,918	0.32
19	Fairview Holdings Pty Ltd <The Manjule Super Fund A/C>	350,000	0.31
20	WSF Pty Ltd <Alan D Hill S/F A/C>	247,000	0.22
	Total	**99,850,080**	**88.47**

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

Twenty Largest Security Holders: Issued Options

Rank	Name of option holder	Number of options	% of issued options
1	Dr Fathil Bin Mohamed	2,777,777	43.19
2	Mr Ravindran Govindan	743,349	11.56
3	Lim Ho Kee	600,000	9.33
4	Mr Chris Cuffe & Mrs Natasha Cuffe	583,333	9.07
5	Mr Kok Wah Ong	500,470	7.78
6	Bakersfield Holdings Pty Ltd	196,666	3.06
7	Mr Terence Stott & Mrs Cherrie Stott	49,594	0.77
8	Major Robert Hawkins	43,333	0.67
9	Mr Peter Stawski	39,744	0.62
10	Mr Daniel Pernechele	38,921	0.61
11	AJJC Pty Ltd <The Jimet Super Fund A/C>	37,000	0.58
12	Jayem Pty Ltd	34,561	0.54
13	Dr David Brinsmead Southwell	34,333	0.53
14	Avanteos Investments Limited	33,333	0.52
15	Ms Neoh Siew Lian	29,411	0.46
16	Bakersfield Holding Pty Ltd	27,777	0.43
17	Distinctive Holdings Pty Ltd	25,175	0.39
18	Enniswood Investments Pty Ltd <Fayman family Super A/C>	23,333	0.36
19	Mr Graham Matheson	17,333	0.28
20	Mr John Bright	17,850	0.28
	Total	**5,923,760**	**91.02**

Distribution of equity – Unlisted securities:

ASX Code	Exercise price	Expiry date	Number of options	Number of holders
CAUAY	$1.00	9 Feb 2010	104,000	2
CAUAM	$1.00	30 Jul 2010	13,000	1
CAUAI	$0.40	30 Jun 2011	660,000	4
CAUAO	$0.40	22 Aug 2011	50,000	2
CAUAQ	$0.40	23 Oct 2011	800,000	4
Total			**1,627,000**	

2. Company Secretary

The Company Secretary is Alan Boys

3.Registerd Office

The address of the registered office in Australia is:

Suite 2 34 Salvado Rd
Wembley W.A. 6014

Telephone: (+618) 9426 3900

4. Registers of Securities

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace, Perth WA 6000
Telephone: (+618) 9323 2000

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

5. Stock Exchange Listing

ASX: HCT

6. Restricted Securities

The company has 77,000,000 ordinary shares that are subject to escrow and are not available for listing until 10 July 2010.

7. On Market buy-back

The Company does not have a current on-market buy-back facility.