CEO Remarks – AGM Holista Colltech Limited

The last 12 months have seen gut wrenching change both inside and outside the company.

I am happy to announce that we have emerged not only changed – in name and in form – but stronger and better to survive global turbulence. In the process we have repositioned ourselves form a "biotech company" looking to raise funds to survive to a "wellness company" with sales, profits and several exciting technologies that will make a mark on the global marketplace.

The three pillars of our business have been strengthened. They are:

- Products that we develop and sell - *the supplement businesses that are very unsexy but keeps us going*
- Products and technologies that we share and sell exclusively - *technologies in the area of infection control especially mosquitoes*
- Products that we invent and sell - *the collagen, herbs of the rainforests and food ingredient business (own crown jewels)*

We have made the following ploys:

- Global distribution rights for several of our technologies in the mosquito control area
- Development of "food grade collagen"
- Further development of the food ingredient business

As a prudent strategy, Colltech's original focus of the "holy grail" of "medical collagen" has been put on the backburner as we focused our time, money and energy on getting "food grade collagen" where the margins are smaller but the market is not only ready and waiting but also much bigger. This range of "food grade collagen" products will come on stream late in the first quarter of 2010 with waiting customers in China, Malaysia, Thailand and Indonesia where "food grade collagen" is hot but both bovine and porcine collagen present inherent problems.

We have re-activated work on "nano collagen" with the University of Hamdard that is renowned in India for its nanotechnology laboratory. We have developed prototypes and plan being work on liposome encapsulation with a view to a patent in being filed at the end of the first quarter next year. The nano collagen is expected to hit the market in the final quarter of financial year 11.

Let is look at the mosquito control technologies. Here we have two core technologies;

- Controlling mosquitoes by controlling the larvae breeding naturally
- Repelling mosquitoes and other insects

The control of mosquito larvae is novel and we have a combination of natural bacteria crystals that kill larvae and a hormone that causes larvae starvation (called TMOF – Trypsin Modifying Oostatic factor), This combination is superior to existing bio-control methodologies in the following ways:

- Cheaper by a factor of 5-8 times

- Less application of once a month versus once a week
- Unlikeness of resistance developing (a big issue for mosquito control)

The technology is owned by Entogenex LLC, a company in North Carolina, USA. We have rights to all nations minus the United States for this technology. The technology is licensed from the University of Florida and has 16 patents around it. The product is approved by the United States Environmental Protection Agency (EPA).

Not surprisingly, there has been much interest from many government in the tropical areas of the world, where mosquito borne diseases like dengue, malaria and chikunya kills many and infect many more.

We started a trial in Malaysia that is fully funded by the Malaysian Ministry of Health in the middle of February that showed good results largely surpassing all our initial expectations.

That trial is being guided by Dr. Robert Rose who was with the EPA and Centre for Disease Control of the United States. He currently consults for the Bill & Melinda Gates Foundation. The outcome of the trial will be watched by

- **WHO** – World Health Organization
- **USAID** – United States Agency for International Development
- **CDC** – Centre for Disease Control, Atlanta
- **USDA** – United States Department of Agriculture
- **JICA** – Japan International Cooperation Agency

The other exciting technology is EGX101 – an active compound that is found in wild tomatoes. It has been found to be as effective as all the current toxic insect repellents that are mostly nerve toxins and are have deleterious effects on the environment.

The technology is owned by Entogenex LLC and much of the initial work was one in the University of Northern Carolina. Once again, we have rights for EGX 101 for the whole world except for the United States.

EGX 101 is completely safe to human, pets and the environment. It has also been registered by the Environmental Protection Agency (EPA) of the United States. Not surprisingly, it has been exempted from registration in by the Malaysian Pesticides Board and will likely get very similar treatment in much of the ASEAN nations where mosquitoes are really pests.

What is really exciting is that this compound will not be heavily regulated in the sales and marketing like its toxic alternatives. This will give an easier communication and education access to consumers by way of advertising and public relations. Branding and capturing markets for brands of EGX 101 will be easier, shorter and cheaper.

We continue to work on our herbs of the rainforest. We continue work at the ground breaking work with the Indian Institute of Integrative Medicine, University of Hamdard, New Delhi and the National Center for Natural Products Research at the University of Mississippi.

We are now in the midst of giving the global distribution rights to several companies for geographic regions round the world. This would allow the development of this range in the Malaysia, the region and the Middle East.

In line with globalization of herbs and the need to work with the best in the business, we are now entering into a joint venture with am Indian company called Hi Tech Biosciences India Ltd of India to set up a plant in Pune, India, to produce herbal extracts for export.

We will inject to the JV extraction equipment that it already owns in exchange for a 40%-stake in the Company, with HTBS holding the controlling 60%. It will be one of the first Indo-Australian R&D joint-ventures on herbal extractions.

HTBS, which has developed a proprietary process that can expedite herbal extraction and cut manufacturing costs, will procure the herbs, extract them to specification and conduct continue research and development ("R&D") in Pune.

The two parties will share the profits

We also have technologies that in the area of food ingredients namely:

- Reduction of glycemic index
- Reduction of "fat pulled into" potato fries
- A low sodium salt

A point of note is that all the technologies involved botanical compound that are ordinary every food and thus, would be classified as Generally Regarded As Safe (GRAS) by the Food & Drug Administration (FDA) of the United States. Thus, we will not need to pass any regulatory hoops that would not present undue delay and cost.

All these are being tested and validated by the Nutrition and Food Research Group at Oxford Brookes, is internationally renowned for its work on Glycaemic Index and is the largest Testing Centre in Europe.

A very large fast food chain has shown much interest in this and is also keen to purse in house testing. We continue to talk to others.

In September, we filed the patent for the low fat chip. This pre-soak would reduce the fat pull into the chip by 40% giving you a potato chip that was less oily, less in calorific value and crispier.

We are the final stages of a low sodium technology that would allow a 40 – 60% reduction in sodium without compromising the "saltiness" or leaving a "metallic after taste" on the tongue.

With these 3 patents in place, we are probably the only company in the world that has a complete patented solution for what I call the "4S Tsunami" of Salt, Sugar, Starch and Saturated Fat that threatens the fast food industry at its very core.

Meanwhile, we continue to improve and strengthen Holista's trading and product development operations at in Malaysia and the region.

Now, you will understand why I started by saying that the company has made some major changes that will put in on the path of growth. There is a lot of opportunity but there is a lot that needs to done and some major challenges to face.

Once again, I thank all of your for your support of the companies and the patience that you have show.