

ASX Release: CHAIRMAN'S ADDRESS TO AGM 29 11 2011

The following address was given by Dato Dr. Rajen Marnickavasagar to the Annual General Meeting of Shareholders of Holista CollTech Limited held Tuesday 29 November 2011 at 2:00pm at Kings Perth Hotel, 525 Hay Street Perth, Western Australia

Good afternoon Ladies and Gentlemen and welcome to the Annual General Meeting of Holista CollTech Limited. My name is Dato Dr. Rajen Marnickavasagar. I am the CEO and Managing Director of the Company and will be chairing this annual general meeting of shareholders today. As a matter of interest I am also the largest shareholder in the Company with 77 million shares out of a total of 129.6 million or close on 60% of the company.

Before I officially declare the meeting open, I would like to update you on our board renewal process now under way. As you will note from our ASX release lodged earlier this month (8 November 2011) regarding the Heads of Agreement with Quick Service Restaurant Holdings, the Company is actively in the commercialisation phase for its proprietary food ingredient lines covering low fat, low sodium and low GI. I am excited by the potential commercial outcomes the company is now looking to deliver to add value to our patient shareholders. We are now looking to renew the board with people skilled in the areas of commercialisation, corporate and Australian capital market engagement. The company prudently is also considering "topping up the tank" to ensure we have the financial resources to properly commercialise our IP internationally and the company is currently gauging the appetite of the capital market to do a placement to ensure we have the financial headroom required.

We are also well advanced in our chairman replacement following the passing of our previous chairman, Paul Rengel, late September 2011.

To equip the board with the skills necessary to take the company through the next phase of its corporate life, I am pleased to advise that at a directors meeting just prior to this AGM, the board has appointed Daniel O'Connor to the board. Daniel is principal of Xenex Consulting and is well experienced in commercialisation strategies and outcomes for companies. Further details of Daniel's background are incorporated into the ASX release being lodged at the conclusion of this meeting. To make way for Daniel, given that we do not want a large or costly board, but a small highly focused one, Ben Donovan who was an interim appointment has agreed to step down from the board and we appreciate his efforts since his appointment last month. As such, resolution 3 regarding Ben's re-election today will not be put to shareholders.

Also, as part of the ongoing board renewal process, Dr Fathil Bin Mohamed has withdrawn his nomination for re-election to the board of directors. As such, resolution 2 regarding Dr Fathil's re-election today will not be put to shareholders.

I would like to note that Stuart Hazell remains a director of the company.

Now to the AGM.....

Mr Ben Donovan, the Company Secretary will act as secretary to this meeting, and he has informed me a quorum is present and I declare the meeting open.

I have already noted the board composition and I would also like to welcome Kong Hon Khien – the group CFO here today from our KL head office.

In addition, a representative from our auditors, Grant Thornton is also present. I would also like to welcome our past chairman's wife, Mrs Rengel who is in the audience today.

Following the formal business of the meeting, there will be opportunity for you to join the Directors and our CFO for light refreshments.

Today our items of business seek your approval on now only two (2) matters. However, before we turn to formal business, I would like to provide the following information and review of the year.

Chairman's review

The 2011 Annual Report outlines in some detail the developments for the Company during the year and I do not propose to repeat what is in the Annual Report.

What I intend to do here is focus on where the company is now and what we are looking to do to enhance shareholder value.

As you may be aware, in July 2009 the company completed the acquisition of and reverse takeover by vending in my business – Holistic Biotech SDN BHD and related companies in a 100% scrip transaction. In Oct / Nov 2009, the company raised approx \$2.5 million by way of a placement to enable the company to develop certain proprietary processes capable of being commercialised throughout the world.

As is often the case, timelines and budgets for IP development can extend and whilst the IP development took longer than planned, I am pleased to advise that the company is now well placed to exploit its key IP by way of commercialisation in collaboration with major groups.

I believe we are not far from realising strong value from our endeavours over the past two years and I appreciate all shareholders patience in our journey.

The company has 3 main areas of value adding for shareholders that I would like to cover today:

a) earnings from its core business operations driven out of Malaysia

Currently most the company's operations are centred out of the company's offices in KL. HCT employs 55 staff spread across sales, product development and support. The core business of the company is its food supplement business being distribution of highly sought after products like Pristin (zero toxic fish oil tablets), Lacto 5, Moo, Narco X, Vavalert, Bitreen, Abdrol, Vasquinn and other products distributed through pharmacies in Malaysia. HCT has further improved its product supply position in Malaysia and has recently moved to sell its products into Singapore, Brunei and the Philippines. It is expected that sales from its extended distribution base and further cost efficiencies will see EBIT from this core business grow to approx \$1.5m next year (FY12) on revenue of approx \$7 million.

On the food grade "halal" sheep collagen front, the following is worthy of note:

- The R&D for sheep "halal" sheep collagen was completed in June 2011
- Rapidly rising sheepskin prices necessitated placing the building of the Malaysian collagen facility on hold although we had completed the purchase of the land, had the building plans approved and obtained all the necessary approvals from the authorities
- Nevertheless, we have strived to source skin supplies including skin pieces from Australia (as opposed to full skin from the back of the sheep). We also looked at supplies from New Zealand, Bosnia and Syria
- At the same time, we assessed via an R&D program, extracting collagen from fish skins and we believe we have perfected the process of extracting the collagen and removing any "fishy" odour and taste.
- We are now ready to create the world's first fully "halal" plant and are working with several parties to create a joint venture in Malaysia.

b) commercialisation of our low fat / low sodium / low GI proprietary lines

The majority of the development, testing and patent applications / IP protection for the above R&D projects have been successfully completed and we have attracted interest from large commercial groups in relation to these ground breaking natural additives.

This is evidenced by the recent announcement made by our company relating to a Heads of Agreement with Quick Service Restaurant Holdings Pty Ltd (“QSRH”) the owner of iconic brands like Red Rooster, Chicken Treat and Oporto. HCT is now well positioned to convert its development phase into tangible shareholder value. We greatly appreciate QSRH’s commitment to embracing our proprietary ingredients and we look forward to working closely together through the joint commercialisation phase.

This is the first time in the world that a fast food chain is taking aim at the challenges of obesity, cardiovascular disease and diabetes caused by what I call the “4S tsunami” of Starch, Sugar, Salt and Saturated Fat. This is also the first time all our three pending patents in the area of – low sodium salt, low fat chips and low GI bread – are being assessed for commercial application by a large fast food chain. Our big benefit is that all the ingredients are natural, coming from everyday food ingredients. More importantly, the ingredients are cost effective and we can scale up production to meet global demand.

Indeed, our collaboration with QSRH makes this effort a product applied by an Australian group that can make a real contribution to human health throughout the world. Our work does make a difference.

This has major implications for us because the large global fast food industry is looking for natural and cost effective solutions. In fact, we are already in discussions with large global food chains.

Whilst the majority of the R&D is completed for the three IP streams (i.e. low fat / low sodium / low GI) – it is now a matter of engaging with the large food groups to supply them with our proprietary ingredients. This area of commercialisation is earmarked as the company’s major value driver over the long term. We are dedicated to providing health and well being solutions to mankind – if, by our efforts and R&D, we can reduce obesity, diabetes etc then we will have made a very positive contribution to the world.

We are realistic about the hurdles we will no doubt encounter in striving to be the preferred partner for these large food companies and we look forward to keeping shareholders informed about our progress.

c) new product development in allied fields

HCT has the technical expertise and experience to finalise other related products / processes including extraction of tropical herbs, all natural taste enhancers, all natural additive to reduce cholesterol, and our low GI noodle lines.

HCT’s approach is driven by market demand for what we develop. HCT is conscious of its limited budget to develop new products and hence is 100% focused on commercial outcomes. If a project cannot add value for shareholders, the company will not proceed with it – the focus is on near term shareholder value adding.

Our Strategic Objectives and imperatives – a clear focus on shareholder value adding to:

- 1) concentrate on the sales team, to further expand the sales of its core products. HCT management team are confident they can deliver on its internal sales targets given their expanding geographic distribution and recent changes to its sales team in KL.
- 2) successfully progress and conclude the joint commercialisation phase with QSRH and start supplying our proprietary ingredients.
- 3) enter into negotiations with other major food distributors for international exploitation of our low fat / low sodium / low GI lines along with negotiations with major bread manufacturers.
- 4) finalise the Malaysian “halal” collagen joint venture.
- 5) progress our patented cosmetic collagen and nano-collagen into major distribution channels. To this end, we will look to reactivating our production facility at Collie in Western Australia which was mostly idle and we are considering strategies to generate a commercial return on the facility.
- 6) seek to acquire businesses in Australia that are complementary to our current business thereby turning an ASX compliance (loss) centre into a profit centre. It is unusual for an ASX company to have minimal operations in Australia and we believe an Australian operation / profit centre is important to our mid and long term strategic objectives.
- 7) focus on improving liquidity in our shares – it is acknowledged that the shares are thinly traded. However, with the initiatives under way we are confident of deepening the depth of liquidity in the shares and look to attract institutional supporters and retail investors. I have no fear about control – whatever is best for all shareholders is the driver here.
- 8) complete other IP work currently being finalised with a view of sale or JV of such IP – it is not HCT’s intention to get bogged down in product development or IP generation – HCT is very conscious of its limited cash resources and need to underpin shareholder growth.
- 9) ensure the company has “sufficient fuel in the tank” – as I mentioned earlier, our financial contribution to the QSRH joint commercialisation program plus our investment required to finalise other IP streams, along with the listed company costs generally, may create a need for the company to take on some additional equity funding. Our preference is to see a placement to high net worth investors who will further stimulate the market in the shares and strengthen our register. Because our focus has been largely on the Malaysian business and finalising IP streams, we have not been able to properly engage with the capital markets. This is about to change.
- 10) In keeping with a greater capital market focus, the company is underway with a board renewal process and I will keep you up to date as we progress this important matter.
- 11) The company has progressed a new chairman appointment search and we will be making an announcement about a chairman appointment shortly.

The company is clearly focused on delivering outcomes for shareholder maximisation and I look forward to announcing further updates as we progress with strategic alliance partners to commercialise our IP suite. I also take this opportunity of thanking all our staff – without their commitment and determination we would not have a growing business.

This concludes my address to shareholders,

Thank you

Dato Dr. Rajen Marnickavasagar
Managing Director/ CEO