



ASX ANNOUNCEMENT

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Company Announcements Office
ASX Limited
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SYDNEY NSW 2000

Kollakorn Corporation Limited (ASX: KKL) CEO's Address to Shareholders

I'd like to welcome you all to this very special day for Kollakorn. I am pleased to welcome Paul Beddie, CEO of Isity Global, who has joined our meeting today and will be speaking to you shortly about Isity Global and the tremendous opportunity presented by our proposed acquisition.

Before starting though, I would like to support Riad in thanking you for your continued support. I am also very excited by this new direction for our Company.

At our Annual General Meeting on 28th November 2016, we explained that Kollakorn would ***"Drive a New Direction through a game changing revolution to our products - Acquiring Isity Global – a company that can build out on our need for a solutions capability, believes in and will invest in our products and expands the range of markets that we can serve"***.

The Directors continue to support our focus on driving a change in the perception of our company from that of a sole product provider, to that of a provider of business solutions that leverages its patented technologies. We have seen over the last few months that this change in the conversation we are having with potential clients is gaining traction in the market.

The acquisition of Isity Global will move the needle in a revolutionary manner to create a company providing integrated end-to-end Solutions in the fast-growing Smart Cities market, a market where our existing BOR and CertainID patents naturally fit. It will enhance the value of, and market image of Kollakorn, and it will bring to Kollakorn two potentially very powerful, new technologies along with the added ability to fund and operate projects generated from these technologies. Also, the addition of Isity executives to the Kollakorn Management Team will bring a better capacity to service both existing and new technologies.

As many of our shareholders would know, Isity Global is an innovative leader in the Asia Pacific market in Smart Cities, with a specific focus on Buildings and Public Infrastructure Facilities, and Waste to Energy technology.

A private company based in Singapore, they operate a wholly owned subsidiary in China, and have developed a pipeline of projects in most large Asian Countries, including Australia. In a moment, Paul will speak in more detail about Isity Global. Isity's offerings, capabilities, pipeline and sales approach will add unprecedented energy to the growth of our business.

What are the details of the acquisition?

At the AGM, the directors outlined their intention to firstly:

- strengthen the Balance Sheet through a Capital Restructure that will eliminate debt and the convertible notes, thus presenting a Balance Sheet for growth; and secondly
- to undertake a share consolidation, meaning providing 1 new consolidated share for every 10 current shares.

You have all had the opportunity to read the Notice of Meeting and the Independent Experts Report. The Notice of Meeting sets out the proposed Resolutions that will be put to shareholders in this meeting.

In the Independent Expert's Report, RSM stated that the proposed acquisition of Isity by Kollakorn was fair, reasonable and advantageous *to the non-associated shareholders of Kollakorn*:

Each resolution will be read out in detail, but in summary what we are proposing today is:

1. Issuing 312,500,000 Shares to Isity Global at \$0.008 per share. This will be equal to 16.5% of the issued capital of Kollakorn.
2. Issuing 75,000,000 unlisted Performance Shares to Isity Global post consolidation. These Performance Shares have been designed as a form of motivation for the Isity Management Team to realise the full potential of Isity's technology. They are available only to Isity employees. To convert the Performance Shares into Ordinary Shares, specific Performance Milestones must be met:
 - i. To contribute revenue equal to or exceeding \$100m in the Financial Year ending 30 June 2020; and
 - ii. To achieve an EBITDA in the same period equal to or exceeding \$30m

There is a Secondary Milestone regarding growth, but meeting the second and failing the first will not entitle the holders to the right of conversion.

After all resolutions are complete, Isity issued Shares and Performance Shares will equate to 40.2% of Issued Capital, on a business generating revenue of more than \$100m per annum.

3. Placing 187,500,000 shares at \$0.008 per share pre-consolidation to raise \$1.5m to provide working capital to meet their growth objectives.
4. Undertaking the 10:1 share consolidation to reduce the number of Shares on issue, and
5. Converting the Convertible Notes to Shares, converting outstanding Directors and Accounting Fees to shares, converting outstanding Management Fees and Expenses to Shares, and ratifying previous Share Issues.

What is the effect on the Share Capital of Kollakorn?

The table below summarises the effect on Kollakorn's Capital structure of the acquisition of Isity and associated transactions pre-Consolidation, post- Consolidation and Associated Transactions, and then post Performance Shares conversion (please refer Notice of Meeting and Independent Experts review).

Effect of the Resolutions on the Capital Structure of Kollakorn	Resolution	Pre Transaction	%	Post Transaction	%	Post Performance Shares	%
KKL Shares on Issue - pre Consolidation		1,078,310,077					
10:1 Share Consolidation	4	-970,479,069					
KKL Shares on Issue - post Consolidation		107,831,008	100.0	107,831,008	57	107,831,008	40.8
Issued to Isity Vendors	1,2,2A			31,250,000	16.5	106,250,000	40.2
Issued under Share Placements	3			18,750,000	9.9	18,750,000	7.1
Issued to Convertible Note holders	5,5A,5B			14,952,463	7.9	14,952,463	5.6
Issued for Directors and Accounting Fees	6,7,8,9			15,534,825	8.2	15,534,825	5.9
Issued for Management Fees	10			953,177	0.5	853,177	0.4
TOTAL SHARES ON ISSUE - POST ALL TRANSACTIONS				189,271,473	100	264,171,473	100
Percentage Holding pre Performance Shares Vesting							
Isity Vendors			16.5				
Kollakorn and related parties			83.5				
Percentage Holding post Performance Shares Vesting							
Isity Vendors and Managers			40.2				
Kollakorn and related parties			59.8				

Existing Kollakorn Shareholders and related parties retain control of the Company after all the proposed transactions and associated transactions are completed (assuming no other trading occurs).

Why is this transaction good for Kollakorn?

It establishes the platform for our growth.

The Directors see many similarities between Kollakorn's core technologies and those of Isity. In fact, there are crossover technologies that can apply to both businesses, particularly as we see an upswing in interest in our SmartRFID™ business as some of our major projects kick in, and as we continue to develop CertainID.

We will be able to leverage a robust pipeline and bring Isity synergies and complementary technologies to Kollakorn, supporting the growth of both companies. Isity brings a strong team with an entrepreneurial mindset and solution design thinking, and delivery capability. Isity will bring additional strength to our management team, our suite of solutions, our pipeline generation, our technical capabilities, our Balance Sheet, and with additional Board representation, our Governance. Being able to leverage the capabilities of Kollakorn's well-established public corporate structure and governance will also add rigour to Isity's growth in Asia and beyond.

Kollakorn continues to pursue exciting opportunities in Asia and beyond for our SmartRFID™ solution, and our development of Certain ID™. The many similarities between Kollakorn's core technologies and those of Isity will be demonstrated as we jointly drive our pipeline with new and exciting opportunities.

To briefly touch on key developments in our solutions suite:

Update on our Core Business

Our sales cycle is very long, but we have continued to focus on driving opportunities for SmartRFID™, and for developing CertainID™. We have successfully negotiated several Teaming Agreements with key partners to support this, including with partners in Argentina, Myanmar and Malaysia.

Malaysian Project:

We have been working diligently to progress the opportunity in Malaysia. We have provided updated technical specifications, equipment and trial tags. We are in the final stages of negotiations on commercial arrangements with our Malaysian Partner and hope to make announcements very shortly.

Myanmar Project:

On May 25th, we announced that we had signed an exclusive teaming agreement with Solutions Hub Co., Ltd (“**Solutions Hub**”) of Myanmar, a division of MyanTel Holdings Ltd of Singapore (“**MyanTel**”).

This Teaming Agreement is for an exclusive relationship between Solutions Hub and Kollakorn to develop projects in Myanmar, and to specifically address the recent Expression of Interest (EOI) issued by the Ministry of Transport and Communications of the Myanmar Government for the implementation of a National AVI and EVR system. We did not bid for this EOI work as it was a consulting arrangement to develop the Request for Proposal (RFP). We will be responding to the RFP when it is released.

Solutions Hub, Richard Sealy and I recently met with the committee of the Road Transport Administration Department, the Director General of the Department, and separately with the Minister for Transport and Communications to discuss our solution and demonstrate our capability.

This week, Richard is again in Myanmar with a team from Kollakorn Thailand for a site visit to proactively scope the requirements for the project and to brief our Partner on the steps to make this project a success. Estimated timelines are for the RFP to be released in August and contracts to be awarded by year's end.

This project is in line with Kollakorn's stated objectives of penetrating the ASEAN nations with our AVI and EVR technology and services solution, and to partner with a local company with the technical ability and political connections necessary to win the project. In addition, we hope to announce soon further partnerships in the region that broaden our transportation solution to support this and other opportunities. This will be through the provision of smart driving services using data centred on transport and operational patterns to help businesses improve the cost and efficiency of their transport fleet.

Thailand Projects:

The progress of projects in Thailand is unchanged due to the death of the King and the year of mourning. We do believe that there should be a resurgence of interest in Thailand once the Border Project in Malaysia and Myanmar are announced.

Other ASEAN Markets:

We have commenced exploratory discussions with partners in a further 3 ASEAN countries, however have not progressed them far enough to report any material information to shareholders.

In Cambodia, development of an APPS project has been delayed however discussions with the government continue.

In Laos, we expect the APPS agreement to be signed next month.

In the Maldives, a change of government has delayed progress on an APPS opportunity.

Argentina:

We have also recently signed a Teaming Agreement with XNATIVA Technology, an Argentinian company that provides system integration, application development, network consultancy related services, data centre management, disaster recovery services, maintenance support and other information technology related services in Argentina.

This partnership is for the provision of a trial speed monitoring system in a key province in Argentina, which if successful, could be expanded to a full EVR and AVI solution for the country.

CertainID:

CertainID continues to remain an opportunity for us.

To this end we are pleased to announce that Kollakorn received a Notice of Acceptance issued by the Australian Patent Office for the National Phase of International Application No. PCT/AU2013/000266 (CertainID™).

The acceptance was published in the Australian Patent Office's Official Journal of Patents on 18 May 2017. If no opposition is filed within 3 months of lodgement then the patent will be granted shortly thereafter.

We have continued to invest in the development of the CertainID™, namely in developing the patent and successfully gaining registration in the USA, China and Australia. The next step is to gain international registration. Receiving this Acceptance of the National Phase of the International Application for CertainID™ was critical to achieving this.

We have also commenced our engagement with the CSIRO to support developing the proof of concept for CertainID™, the first step towards commercialisation of the CertainID™ patent. The key is identifying the technical capability within CSIRO to develop a working prototype. We continue to seek a partner for the commercialisation of CertainID once the prototype is developed, and have had some initial interest. We will keep shareholders apprised of the developments.

Back to the purpose of today's meeting, to vote in support of the resolutions associated with Kollakorn's acquisition of Isity.

Kollakorn's vision is to become an aggregator of complementary technologies that provide end to end holistic solutions to clients. We will strive to be a long-term, highly profitable and leading Smart City & Smart Infrastructure company in Asia. Isity Global is a company that brings exciting additional synergy to our products and supports the growth of opportunities for our technologies –including a pipeline that is trending positively and is geared for growth through complementary technologies that create a suite of value added services and solutions to clients. This transaction will further de-risk our business, support the development of CertainID, open new markets for our BOR and CertainID technology, add capability and capacity to our management team, and most importantly provide benefit to our shareholders. Therefore, I believe this transaction is in the best interests of Kollakorn and our shareholders.

I'd would now like to welcome Paul Beddie, CEO of Isity Global.

Isity Global Pty Ltd CEO Report

1. Introduction

Good morning. My name is Paul Beddie and I'm the Managing Director, CEO and founder of Isity Global. It is my great honour and pleasure to be here today and introduce you to Isity.

I want to share with you some background on the journey we went through to make the decision to found Isity Global, give you a high level overview of the company, our sustainability vision and business model, the successes we've had so far, some insights to the kind of opportunities and relationships we're pursuing in our sales pipeline and lastly why Isity is excited to merge into Kollakorn.

First a little bit about myself. As you've worked out by now from my accent I'm originally from the US but I've been living and working in Asia for about 26 years. I've been lucky enough to spend 18 years living in Tokyo over two different periods, about 3.5 years here in Sydney in the late '90's where 2 of my children were born and for the past 5+ years I've been living in Shanghai – amazingly to me, I'm about 12 months away from becoming an “empty nester” when our youngest child will head off to university.

2. Management Team – Paul

I previously worked in several large MNC companies like Deloitte Consulting, Cap Gemini Ernst & Young, PeopleSoft, and before Isity for a GE outsourcing subsidiary Genpact which acquired my previous company where I built an Asia wide business unit from scratch.

I'm a self-professed Arranger and Developer of new business units that deliver transformative change initiatives and an integrator of people, many of whom are smarter than me and certainly more capable in their areas of expertise.

In 2013 after 20+ years of being a fairly successful 'corporate employee' I began a journey of exploration to try to work out what I wanted to be when I grow up. Early on in my career I was fortunate enough to join a world class, engineering, construction & procurement (EPC) firm based in Tokyo and was assigned to their newly formed Global Environmental Business Development group. Our team was very successful in developing and selling a number of large-scale desulfurization facilities for fossil fired power plants in Asia, Europe and N. America. The emotional satisfaction I received from contributing to the delivery and installation of actual solutions to address pollution and greenhouse gas emissions at an industrial scale was something I've never forgotten and I wanted it back.

In my 2 year journey leading to the founding of Isity Global, I learned that the environmentalism of the '90's had evolved into what we today call sustainability and a thing called a 'Smart City' had been conceived, partially to address sustainability. There was a lot of talk on these topics but honestly not a lot of action was taking place. In this time I also talked to a number of big vendors who promote themselves as believers in and purveyors of sustainability solutions – companies like IBM, Microsoft, JLL, Siemens, Cisco, Schindler, GE and many others. I took some courses at MIT and other well-known institutions in the areas of Sustainability, Resiliency and Sustainable Design and I met and talked with as many people as I could in this emerging global sustainability movement.

I came to the conclusion that there is gap and a large business opportunity in the world for a business model that is built on actually driving, implementing and maintaining the necessary changes to achieve our sustainable future and not just sell clients some kit and move on.

Aside from the fact that Isity's actions will have a significant impact on reducing the causes of climate change, our sustainability solutions result in meaningful decreases in operating costs and improved employee productivity and profitability for the companies that do this.

3. Management Team – Don & Dave

Companies need a trusted partner to help them achieve the long term cost savings available from improving their office buildings and manufacturing plants. They have to actually execute and drive change in their physical, built environment, not just get a certification for a NABERS or LEED plaque on the side of a building

With this in mind, I shared my story with Charles Hunting, explaining that I'd come up with a new business model for sustainability and off we went bringing on-board our initial management team including Don Johnson, our head of Solutions based in Shanghai and more recently Dave Leslie who has joined us here in Sydney as our MD for Australia.

4. The basis for founding the company – The Challenge

There are two key economic sectors responsible for a majority of the climate change challenge. One is the transportation sector, which until the advent of our relationship with Kollakorn, we thought had barriers too high to enter. The other is the built environment and this is our primary focus. Buildings consume roughly 40% of the world's resources and are responsible for 30% of the greenhouse gas emissions. Additionally buildings are around for a long time – 90%+ of the buildings that will exist in 2030 exist today – and it's the existing built environment, comprised of roughly 18 billion m2 of space in Asia in buildings that are at least 4-5 years old, that Isity is targeting.

We also realized that in order to really make a meaningful contribution in addressing climate change we need to go back to the sources of our energy and find truly renewable power generation that can be base-load in nature. Hence our more recent move into the waste-to-energy space and our push for larger projects such as the one we are pursuing in Changchun - northeast China.

5. Our Vision & who we are

Isity Global's vision is not born from the real estate or sustainability sectors – our vision and business philosophy comes from having a depth of experience in the professional advisory sector. Helping global Fortune 500 companies drive key strategic business transformations by leveraging advanced technology, process redesign, long-term outsourcing agreements and organizational change management and taking a holistic, solutions approach to delivering outcome based results.

We founded Isity in 2015 as a private company in Singapore and a few months later established a presence in Shanghai, China. The company has been primarily active in the China market and to date all our revenues have been generated in China.

6. Our Solutions are focused in 2 key areas:

1. Smart buildings - we focus on large scale energy efficiency solutions around lights, HVAC, Pumps, electrical systems and such, operational process improvements leveraging ICT and IoT solutions, and human productivity and wellness solutions that address indoor air quality, bio mimicry design, active mobility, etc. Recent reports indicate this is a multi-100 billion dollar sector and Asia represents 50-60% of the market for the coming decades. This sector is currently characterized by having a few large global players and 1,000's of smaller, cottage industry type players.
2. Municipal scale infrastructure projects in which Isity leads from idea generation through to long-term operations. We are particularly focused on waste centres (e.g. sewage & MSW) and transportation hubs due to the size and scale of these investments and the opportunity to package additional revenue opportunities into them like power generation. I will talk a little more about this

when I cover the Changchun opportunity later but this sector is projected to be a \$20 billion industry annually from 2020, again with a majority of this coming from Asia

7. Our business Model

Our business model is based on Isity being positioned alongside our client with a focus on delivering true economic value by integrating proven and leading technology and speciality vendors who are contracted to Isity to provide their solutions for our clients. Our US based finance partner then underwrites these sustainability projects & programs for long term financial success stretching out to 10,15, even 30 years – giving us a path to significant annuity style revenue streams.

Isity provides clients with a single contractual relationship to address all their sustainability needs in a holistic, integrated and financially driven set of solutions. We don't promote sustainability just because it's the 'right thing to do' and we don't promote smart building technologies just for the sake of technology. From Smart factories and Offices, asset management through to Waste to Energy solutions, everything we do must prove itself in a financial business case with a timely return on investment (ROI).

We work through loose partner models with best-of-breed suppliers from around the world who are experts in their specific area and who are investing in their own on-going R&D for continuous improvements to their solutions. This allows Isity to keep our own costs low and the flexibility to continually evolve our solutions to the unique needs of each client.

8. How we do it

Isity is an end-to-end integrator of solutions and we're especially focused on helping clients take real, measurable action. We approach our target clients at the most senior level possible – ideally the CXO level – and require that these senior stakeholders stay actively engaged in our programs throughout the implementation phases to ensure the Facility Manager (FM) or other traditionally minded operations leaders don't side-track or sabotage the programs.

While we are fully capable of providing strategy reports and facility audits, we do not consider ourselves consultants. We are integration and execution specialists and we build sustainable, long term relationships with both our partner companies and client executive management teams anticipating multiple repeat engagements at new facilities and locations as our relationships mature.

9. Value Proposition

Isity targets operations savings in the existing built environment of 40% and even higher when the longer term operational responsibly and strategies are shared with Isity. By bundling together a wide-ranging group of solutions, we target ROI's (return on investment) of 24-36 months for the whole programs. This holistic, value driven approach is quite unique.

10. Indicative Case Studies

To date we've implemented our integrated approach at several mixed use industrial facilities (office and factory) in the Shanghai metropolitan area and we are achieving the anticipated results with highly satisfied customers. Our projects have ranged in duration of 3 to 8 months for audit, design and implementation and represent approximately AUD 480k in revenues in the past 18 months (since our founding). Our latest projects are generating margins that are approaching our long-term financial goals of 30%.

We truly believe Isity is positioned to be a leading sustainability partner and trusted advisor for our clients in Asia – we are in the right place at the right time.

11. Our Offering

Aside from a smart building pipeline across China and Australia of more than AUD 0.3 billion, we also have a pipeline of more than 1.0 billion in our smart infrastructure opportunities. We use a SAS based CRM system to track all our opportunities from Idea through to won or lost and we have 6 stages of deal evaluation. We conduct a pipeline review meeting at least once a week to ensure we are managing our opportunities appropriately and regularly updating our forecasts.

The nature of Isity's business is a long sales cycle of 3-12 months for smart buildings and longer for the waste to energy deals. My key message here is that this is a long-term/long play business and myself and the Isity management team are committed in a long-term manner to the success of our company. Our current pipeline includes large shopping centres, asset managers of office towers, business park operators, hospital operators, chain restaurant owners, real estate management and engineering firms, and municipal and state governments.

12. CC Opportunity & KKL Integration

Lastly, as all of you are aware, Isity's pipeline also includes our sewage to energy project in the city of Changchun, China. Isity is currently developing several sewage to energy and MSW to energy opportunities as well as very large scale Building Improvement programs. Of these large opportunities, the one in Changchun is the one that we are spending the most effort on at the moment in getting to a financial close. Critical to Isity's ability to realize these larger opportunities is our ability to raise additional capital to fund the various pre-closing needs and this is an expected benefit and outcome of Isity's desire to move forward with the acquisition by Kollakorn.

I feel its necessary state that the Changchun project continues to evolve and one of the key factors we are coping with at this point is securing an appropriate amount of feedstock (sewage sludge) to ensure the best economic outcome. It has previously been indicated that the annual revenues from this project could be as high as \$30 million per year. While this level of production may eventually be achieved, the initial stage of this project is now looking to be in the range of \$10-12 million annually. I bring this up because if this Changchun project is the only reason you believe a vote for the Isity acquisition is reasonable, then you need to realize that Isity is developing a number of these large scale projects and some of these will reach financial closing and some will not.

We have high confidence on this specific opportunity in Changchun and we are actively engaged with a top 10 global EPC firm for the initial design and we are in constant contact with our financing partners, our technology partners for the key gasification and dewatering needs and of course the local government in Changchun. We are driving to close this deal at the earliest possible date and anticipate achieving this goal within calendar year 2017.

As regards the pending vote, we anticipate a positive outcome of Kollakorn's acquisition of Isity Global. Myself, the Isity management team and the external shareholders of Isity are all extremely excited by the growth opportunity from combining of our 2 companies. A successful acquisition will bring further credibility to Isity Global's position in the eyes of our future clients and partners and further differentiate us in the market and allow our customers to see us as an even stronger and more serious solution provider. We believe the Kollakorn RFID solutions in the automotive sector can be significantly leveraged in our smart city opportunities and the possibility to leverage the RFID tagging and tracking of assets combined with the potential of the CertainID solution in both our smart building and smart infrastructure projects again brings some gravitas to our positioning with an in-house product & solution.

In short, we see significant upside of this acquisition for both companies and are thrilled to be taking this step.

13. Thank you

To the Shareholders, Board and management of Kollakorn, I thank you again for the opportunity to share with you the story of Isity and I look forward to a positive outcome to proceed with the acquisition and to getting started on the integration of our respective organizations.