



## **ASX Announcement**

24 November 2014

### **Managing Directors Address to the AGM**

The Directors' of Kollakorn Corporation Limited (ASX: KKL) are pleased to announce the text of the managing directors address to the Annual General Meeting to be held today.

*Good Morning Ladies and Gentlemen.*

*I would like to welcome you to the 2014 Annual General Meeting.*

*The events of the past month have been well documented and publicised so I will not spend a lot of time recapping on them.*

*About a month ago, the ASX asked the directors to answer 12 questions about the activities of the Company as a result of the qualified report that the Company received from its auditors for the 2014 financial year. The letter answering these questions was published by the ASX and would have provided those who read it, with a comprehensive update on the position of the Company.*

*In short we said:*

#### **Revenue**

*That our 33.23% associate company Kollakorn Thailand was in serious discussions with the Thailand Government for the extension of the existing RFID system to include:*

- The 5 southern provinces for security purposes;*
- All commercial vehicles; and;*
- Eventually, all vehicles.*

*The directors of Kollakorn Thailand have advised that they expect approval of one or other of these extensions to be made around the end of this calendar year or early next year. Approval of any of the above extensions will also result in a direct inflow of income to the Company from the sale of tags used by Kollakorn Thailand.*

*The directors also flagged in that letter that there had been successes in other jurisdictions which you now know to be Dominican Republic and Israel.*

*We have also announced the signing of the worldwide royalty agreement with 3M and the intention to implement a Cooperative Marketing Agreement with 3M to access all of their sales subsidiaries with tags that have our BOR patented technology and to use 3M's contacts to replicate the Thailand strategy in other jurisdictions. This announcement appeared to be well received by the market and it is a strategy that the directors' will continue to seriously pursue.*

## **Funding**

*The origin of future funding for the Company has of late, been a matter of speculation. As we said to the ASX, “clearly the Company requires further funding”.*

*The Company has decreased the need for cash by reducing its operating costs to a bare minimum and also by making suitable arrangements with its friendly creditors. While this latter action has allowed the Company to operate at reduced cash flow levels, the debts to these creditors have been increasing.*

*As part of the agreement with 3M, the Company received an upfront payment and this, together with the expected increased royalties from 3M and Star RFID, should allow the Company to meet its short term operating cash flow needs within the arrangements with its creditors.*

*The directors’ are in discussions with two parties concerning the raising of further finance for the Company. The principle strategy of this process is to try and capitalise on the value that the directors’ believe exists in the CertainID™ patent.*

*As recently announced to the Stock Exchange, the directors’ made a private placement of shares with some existing shareholders for the furtherance of the PCT patent programme for the CertainID™ patent which will extend the patent’s protection to the USA, Europe, Korea, Malaysia as well as Australia.*

## **Biometric Technology**

*Currently, most personal identification on the Internet is done by means of passwords, tokens, or biometrics technology. Passwords and tokens may be lost or stolen however when properly implemented, biometric technology provides the most secure and reliable means of personal identification.*

*In a conventional network-based biometric system, the biometric templates are stored online in one or more databases and accessed remotely in order to verify a user’s identity. This method of storage presents major privacy and security risks if the databases are hacked, as biometric signatures are permanent and cannot be replaced by their owner if they become public.*

*The way that CertainID™ works is to enable a person’s biometric template to be stored on the user’s device. CertainID™ then:*

- Internally generates a public and private “key pair” that it associates with the biometric template of the user;*
- The generation of the key pairs is not dependent in anyway on the stored biometric data which is retained secretly within the device;*
- When a user’s private key is used the third party biometrically identifies the user of the device but no biometric information is released into the internet during this process, thus protecting the user’s biometric data.*

*Because it is becoming increasingly important as part of Internet transactions for the personal identification of a person using a device, rather than a device, the directors’ believe that the CertainID™ patent will in the future have significant value to the Company.*

*In conclusion, the directors’ believe that their existing strategy should continue, namely the commercialisation of the Break on Removal patent with the assistance of the 3M marketing machine and the search for a joint venture partner to finance the commercialisation of the CertainID™ patent.*