

**HARD TO TREAT DISEASES INC.**

(Symbol: HTDS: PK)

**Quarterly Report**

## PURPOSE

Hard to Treat Diseases Inc. publishes this Quarterly Report to serve the company's followers, investors and the public as a guidance through the past events and possible outcomes of these events in the upcoming quarter(s). The goal of this Quarterly Report is to inform about the activities and business achievements accomplished Hard to Treat Diseases Inc. during the January 1 – March 30, 2010 period. This report assembles and summarizes all developments achieved during this time period.

## 1. COMPANY OVERVIEW

### 1.1 Corporate Overview

1. *OTC Market Tier:* *Pink Sheets No Information*
2. *Primary SIC – Industry Classification:* *8071 - Medical laboratories*
3. *Company State of Incorporation:* *FL*
4. *Jurisdiction of Incorporation:* *United States*
5. *Year of Incorporation:* *1993*
  
6. *Company Officers:*
  - Terry Yuan, CEO*
  - Michael Arnkvarn, President, Subsidiary*
  - Carol Robichaud, Secretary*
  - Fred Carlini, SVP Bus. Ops., Research & Development, Business Affairs*
  - Cathy Zhao, Chief Admin. Officer*
  - Dr. Sanja Pekovic, Chief Project Scientist, Chief Strategy Officer*
  - Professor Dr. Mirjana Stojiljkovic, Director, New Projects, Chief Scientist*
  - Dr. Sabera Ruzdijic, Medical Director*
  - Dr. Jasna Bankovic, Medical Director*
  - Dr. Nikola Tanic, Medical Director*
  - Dr. Milica Pesicand, Medical Director*
  - Ivana Gadjanski, Director, Comm.*
  - Rudolph Dahl, Business Affairs, Research &*

*Development, Director, New Projects,  
Director, Mkt. & Events*

|  |  |
|--|--|
| <i>7. Estimated Market Cap:</i>              | <i>\$12,192,792 as of Apr 28, 2010</i>   |
| <i>8. Outstanding Shares:</i>                | <i>4,515,848,766 as of Sept 30, 2009</i> |
| <i>9. Authorized Shares:</i>                 | <i>8,800,000,000 as of Feb 18, 2010</i>  |
| <i>10. Float(shares):</i>                    | <i>1,072,581,000 as of Jun 30, 2009</i>  |
| <i>11. Number of Shareholders of Record:</i> | <i>4,760 as of Sept 10, 2009</i>         |

## **1.2 Business Overview**

### **Hard To Treat Diseases Inc.**

Hard to Treat Diseases Inc. is a parent company that operates 2 medical subsidiaries in Serbia and Mainland China and a cosmetics company in Canada

**Shenzhen Mellow Hope Pharm Industrial Co., Ltd.** is the biggest exporter of biological vaccines in China. Mellow Hope partners with many well-known biological institutes in the Research & Development of new products and the introduction of new technologies –they carry out clinical trials, secure registrations, and promote and market products around the world.

**Slavica BioChem** comprises a group of scientists conducting cutting edge research on neurological disorders of the central nervous system (CNS), namely Multiple Sclerosis and Traumatic Brain Injury, and developing therapeutic treatments. The company's primary focus involves the enhancement and modification of existing approved drugs such as "Virazole" for the purpose of chemical repair of damage to the CNS (central nervous system), MS (Multiple Sclerosis), SARS, Hepatitis C and HIV.

**Collagenna** is a natural health product and cosmetics company. Their main product line showcases anti-aging technology in a natural skin care line that repairs and rejuvenates.

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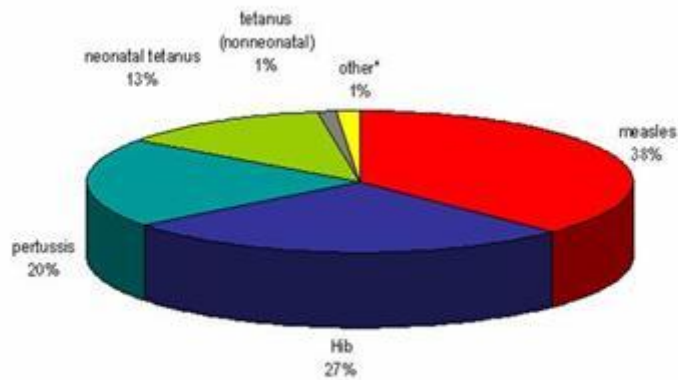
### **1.3 Business Development Overview**

In this quarter, HTDS completed a merger between Melem Secrets and Collagenna. The new merger company, Collagenna, will market the skin care products, and Melem Secrets will produce nutraceutical supplements. They commenced an expanded distribution strategy, involving an agreement with a Swiss distribution company. Mellow Hope developed several vaccines which received international certifications and international customers. Slavica BioChem announced its plans to develop its own stem cell projects.

## **2. INDUSTRY OVERVIEW**

### **2.1 Global Immunization Report**

In 2002, the World Health Organization estimated that 1.4 million of deaths among children under 5 years were due to diseases that could have been prevented by routine vaccination, representing 14% of total global mortality in children under 5 years of age.



\* other – polio, diphtheria, yellow fever

Since 2000 momentum has built around immunization for preventable diseases, in part due to a global health partnership between the WHO, UNICEF, World Bank and Bill & Melinda Gates Foundation, known as the GAVI Alliance ([www.gavialliance.org](http://www.gavialliance.org)).

In eight years, a record number of vaccines became available worldwide, and 106 million babies under the age of 1 were vaccinated in 2008, according to a joint report by the World Health Organization, and United Nations. Immunization was partly responsible for the first documented decline in annual deaths among children below 10 million, and with helping to bring about a 74% drop in worldwide deaths from measles between 2000 and 2007. The global vaccine market tripled to \$17 billion, and the boom has spurred vaccine development aimed at AIDS, malaria, tuberculosis and dengue fever.

It is estimated that an additional investment of \$1 billion USD would ensure availability of the new and existing vaccines to all children in the world's 72 poorest countries where preventable diseases take their deadliest toll.

In addition to aiding a good cause, the rising demand for immunization in the developing world has profited global manufacturers, who now meet 86% of global demand for traditional vaccines against diseases such as measles, whooping cough, tetanus and diphtheria.

A rapidly growing population in the developing world ensures that many more children will benefit from the success of this industry. Mellow Hope's goal is to grow to become one of the top vaccine distribution providers in the world and to restore global health.

## **2.2 Market Research in Neurological Disorders' Treatment**

Central nervous system disorders are often complex, debilitating patients and placing a large economic strain on patients' families and the health system.

### **Multiple Sclerosis Treatments Market**

Multiple Sclerosis (MS) is a disease which affects the brain and spinal cord and can lead to a broad range of symptoms, including physical and cognitive disabilities. MS affects people between the ages of 20 to 50, people in the prime of their life.

The World Health Organization (WHO) estimates that over 2.5 million people globally suffer from Multiple Sclerosis (MS). With the high global population's growth rate (anticipated to reach 7.6 billion by 2020), the prevalence and onset of MS in children and adults is expected to increase exponentially.

The largest percentages of MS patients reside in the 7 major markets: US, Japan, France, Germany, Italy, UK, and Spain. These seven major market MS revenues increased 14.7% to \$4.6 billion in 2006 alone, and reached total global revenues of over \$6 billion in 2008. Those revenues will exceed \$9 billion (2015-2020).

### **Traumatic Brain Injury (TBI) Treatments Market**

A traumatic Brain Injury is caused by a strong blow to the head or a penetrating head injury that disrupts the normal function of the brain. The majority of TBI cases (60%) result from Road Traffic Injuries (RTIs), followed by falls (20-30%) and violence (10%).

Almost 2% of the US population lives with TBI-related disabilities. Annually, 1.1 million Americans receive treatment for TBI, with 230,000 hospitalizations. According to the US Center for Disease Control and Prevention, every 15 seconds one American sustains a significant traumatic brain injury, and about one third of injury related deaths in USA

link to TBI. Predictions show that TBI will surpass many diseases as a major cause of death and disability by 2020.

Cost studies from high-income countries such as the U.S., which attempt to incorporate the lost earnings of injured individuals and their caregivers, indicate national expenditures of \$56.3 billion USD annually.

Slavica BioChem is well-underway in developing effective therapies for both neurological disorders outlined above.

### **2.3 The Skin Care Industry**

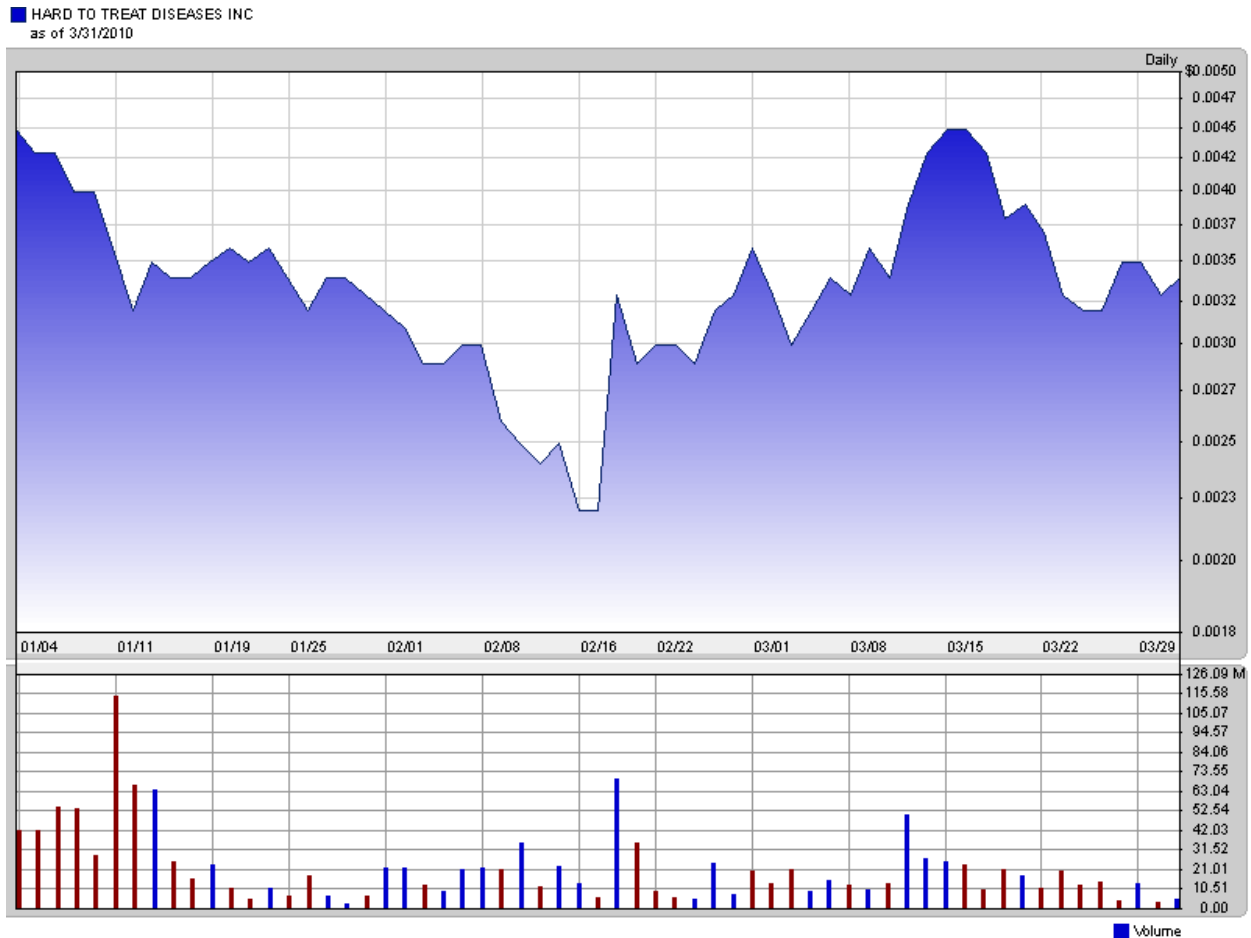
Even during tough economic times, the cosmetic industry has proved resilient as customers continue to spend on skin care products, particularly anti-aging facial skin products. Further, Collagenna's natural product niche means it is poised to benefit from the largest growth in the sector.

In 2007, the global skincare market grew by 4.1% and reached a value of \$49.5 billion. Despite a minimal decline in 2009, the market research company NPD predicts return to growth. Forecasts calculate a market value of \$58.2 billion by 2012.

Anti-aging products represented 62 percent of the prestige facial skincare market in 2009, with NPD's point of sale data estimating its worth at \$1.2 billion. NPD's Women's Skincare In-Depth Consumer Report, which surveyed over 6,000 consumers, revealed that anti-aging is *the* key motivator when it comes to buying facial skincare products. 53 percent of respondents asserted that the benefits of anti-aging were very or extremely important to them.

Collagenna's focus on natural products indicates market foresight. The natural and organic sector is the fastest growing in the North American cosmetics & toiletries industry, with sales increasing by 20% a year. (2007) Consumers are increasingly demanding of green products today, and in response, large cosmetic companies, retailers, drugstores and pharmacies across North America and Western Europe are incorporating natural and organic cosmetics into their product offerings.

### 3. CORPORATE SECURITY SUMMARY



Over the quarter, the HTDS stock remained relatively high, with a momentary dip in February. Around that time, investors expressed concern about the lack of news for the company. In the second half of the quarter, there were many news and filings with updates about the exciting company developments.

In January, HTDS entertained the idea of a merger with an EU based, stem-cell research company. Instead, Slavica Biochem decided to commence its own stem cell bank project. Stem cells have potential therapeutical use for neurodegenerative disorders.

On January 12, HTDS announced to shareholders that they would receive shares of HIRU for HTDS' sale of MindUp Division, as a special onetime payment of kind. 40,000,000 shares of Hiru Corporation were issued from this agreement. The next day, the company informed shareholders of a five-for-one forward split (5-1) of the Company's common stock, adjusting the HTDS payout from 40 million shares to 200 million shares.

In January, HTDS also evaluated an unsolicited business proposal from an obstetrician type medical company, engaged in a treatment for pre-term labor and induction of labor. The results of the merger discussions are not yet determined.

On February 25, HTDS reported that its subsidiary, Melem Secrets, completed a cosmetic micro-conglomerate merger, resulting in the acquisition of Collagenna Skin Care Products Inc (Collagenna), a thriving micro cosmetics company. Collagenna Skin Care Products Inc will take over the management of Melem's Secret and will look after all of the aspects of this company including product development. Collagenna was acquired on all cash basis therefore the existing share structure of HTDS remained undisturbed and unchanged.

In this quarter, HTDS had to contend with the "skull and bones" rank on Pink Sheets. The company believes that this occurrence stems from the stubborn naked short position and an incorrect assumption that the company was diluting its float. There is also speculation that this label occurred because of limited filings. Mid-month bashers were responsible for degrading Mellow Hope's agreement with Chile, speculating that the news was not sufficient evidence of the agreement. HTDS has taken legal action on this matter. As with the planned distribution of the MindUp division to its shareholders, the company is looking at other ways to shake the naked shorts and, more importantly, return value to its shareholders. A reverse takeover is one option being explored by the company with an unrelated entity engaged in a medical rejuvenative reconstruction, an unrelated issuer in a medical industry, and a medical supply development company creating a 4-way medical conglomerate. HTDS is actively working hard at removing their company from the "skull and bones" status.

#### 4. SUMMARY OF BUSINESS EVENTS

Slavica Biochem participated in several events that recognized their work and raised Slavica's profile. In early January, their research group, IBISS, participated in the Moscow International Salon of Inventions and Innovation Technologies, representing the "delay of Glial Scar Formation as a Prerequisite of Recovery after Central Nervous System Injury." On February 5 and 6, two members of its scientific team, Dr. Sanja Pekovic, Chief Project Scientist, Chief Strategy Officer and Dr. Ivana Gadjanski, participated in the "Stem Cells and Neuroregeneration" Symposium, held in Haarlem, the Netherlands. The main topic of the Symposium was the potential therapeutical use of neural stem cells for neurodegenerative disorders

Mellow Hope made headway with its products, receiving international certificates and business. On February 18, subsidiary Mellow Hope exported its first shipment of the H1N1 vaccine to Chile. The company values the price of the order at about \$1 million USD. On March 1, Mellow Hope announced that the company had a final evaluation meeting with the Drug Controller General of India on Cerebroprotein Hydrolysate for Injection. The company entered the final stage of product quality testing which will result in the issue of a Registration Certificate for the medicine. The company believes that, once approved, HTDS will be the only supplier of this product to India, and estimates Nutriprotein market size to 2 to 3 million doses annually. Nutriprotein medicine is a unique brain nutrient that helps the Central Nervous System in regulating and improving nerve cell metabolism, promoting synapse generation, inducing nerve cell differentiation and protecting nerve cells against damages by ischemia, neurotoxins, etc. Mellow Hope also received a Registration Certificate for its MEVAC-Vari vaccine in Guatemala. This is the first Final Approval for HTDS' Varicella vaccine in South America. In general, doctors regard Varicella, commonly known as chickenpox, as a mild viral illness. However, approx. 1 in 50 cases chickenpox associates with complications such as pneumonia and encephalitis, and both diseases report high mortality rate. On March 15, following 18 months of testing and negotiations, Chile's Ministry of Health approved two of HTDS' penem injectables, Meropenem for Injection (MEINEN) and Imipenem for Injection (IMINEN). HTDS received the registration certificate for these two medications

from the Chilean ISP and the company prepares to ship its products to this emerging South American market.

Melem Secrets/ Collagenna had several developments in this quarter as well. In March, they announced an exclusive distribution agreement with Alphaderm Body and Wellness from Switzerland. On March 17 Collagenna received its first major order from its distribution partner in Brazil. Over 600 products were ordered, with a total value of approximately \$36,000. At the end of the quarter, Melem Secrets distinguished their brand's product offering –neutraceutical supplements and natural health products. The company will introduce a new Baobab supplement that originates from Africa and has many health benefits such as its antioxidant value, its high source of calcium, iron, potassium, magnesium and Vitamin C. Melem Secret plans to market other products including Marine Collagen Capsules, Omega 3 gel capsules as well as the Skin Defense Complex Caps.

## **5. FINANCIALS**

During the quarter, January 1 – March 31, 2010 period, the revenue of Hard To Treat Diseases is reported to be \$2.164 million, with a profit of \$218,692. Complete quarterly financial reports will be posted with the Pink Sheets Filing system shortly.

## Sources

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