



ASX ANNOUNCEMENT

12 October 2018

Progress in Egypt

Our JV partner in Papyrus Egypt, the Egyptian Banana Fibre Company (“EBFC”) hosted myself and my fellow director Vince Rigano in Egypt from 3-12 September in both Sohag and Cairo.

The EBFC CEO Ms Heba Nayle was supported by our MD Ramy Azer who has been in Egypt since July 2018.

We visited the factory comprising of a new primary building of 1200 sqm and other outbuildings on a 2000sqm allotment located in the new Industrial Zone as designated by the Governate of Sohag.

Within the factory building the PPY machinery is located in a designed layout for process efficiency. The BVU is integrated with an overhead BTT stock feeder system from the main street frontage, and running from the BVU is a drying line for the processed veneer.

While in Sohag we also met the Governate of Sohag leadership, the University of Sohag President and a past Governor, all of whom universally value the contribution Papyrus Egypt has made and will in the future make to the local economy.

The Director of Industry in Sohag presented Papyrus Egypt with the Business Licence which is the last formal step before the final inspections regarding transfer of the land from the Governate to Papyrus Egypt. The Director indicated that following two further departmental inspections, which he expected Papyrus Egypt to satisfy, the outside time frame for the transfer of the land was 3 months.

We noted that orders had been received by EBFC for the supply of two “value added” products, namely, low density banana fibre biscuits to be used in domestic and commercial air fresheners and an order for sandwich panels of laminated banana veneer on an Mdf substrate. The BVU is currently producing bulk banana fibre and on average per shift about 60sqm of top quality 1mx1m sheets of veneer for further processing into manufactured sandwich panels.

Based on the two orders, a 12 month budget and cash flow forecast was prepared which indicates that the business would become cash flow positive in the later part of the budget period. Discussions are underway with EBFC to consummate the Papyrus Egypt operations.

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Dr Sami Salama and Ms.Sara Salama – directors of Sato Consultancy - have been engaged by EBFC and Papyrus Egypt to prepare a business plan and financial plan for Papyrus Egypt and to support a new business to produce banana fibre moulded trays. It is intended that it will be the responsibility of the investors in this project to construct the needed factory building on adjacent land and to establish the operating factory including all machinery to receive and process “refined” fibre from Papyrus Egypt.

Ramy Azer MD will be present to report the outcome of present discussions at the Company’s AGM .

Edward Byrt - Chairman.

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