



## **MINIMAL ADVERSE EFFECTS OF CYCLONE LARRY ON OPERATIONS OF PAPYRUS AUSTRALIA LTD**

Papyrus Australia anticipates only minimal adverse effects on its operations as a result of Cyclone Larry. The company is progressing to plan in developing its production equipment in Adelaide. At this stage only small quantities of banana trunks are being used in the developmental phase. Whilst there has been significant impact on the banana industry in many parts of North Queensland we anticipate there will be ample supply of raw material for the needs of Papyrus in the foreseeable future.

The destructive force of Cyclone Larry has caused many mature trees carrying banana bunches to be uprooted and they are now lying flat on the ground.

While unfortunate for the growers, the adverse effects of the cyclone will not adversely affect Papyrus as the suckers (second and third generation trees from the same root ball) will generally have survived, will mature and be ready for harvest in due course. The fallen trees are, in fact, a ready source of supply of trunks for Papyrus operations for the next 8 – 10 weeks.

By the time Papyrus is ready to commence operations on a commercial scale, any disruption to normal growth and harvesting patterns is likely to have remedied itself. It should also be borne in mind that the total demand by Papyrus for Banana tree stems is a small part of the total available stems in the affected areas.

Additionally, Papyrus is not restricted to supply from the affected areas. Banana growing areas outside cyclone Larry's zone of destruction are readily available to Papyrus – including unaffected areas in the Atherton Table Land, Mossman and above, and Caboolture. Further, all the Northern NSW banana growing region, Northern Territory and Western Australian areas would be available if required. However, supply from North Queensland will be adequate without access to those areas.

Cyclones have always been considered in Papyrus's risk management plan. The usual effect of a cyclone is a disruption of a few days for production followed by an increased availability of trees to process for 8-10 weeks followed by a decrease in availability of trees for 2-3 weeks followed by a return to comparatively normal conditions. The current cyclone will have a more adverse effect on that cycle but it is expected that it will work itself through before Papyrus expects to commence commercial production.