



Chairman's report to the AGM on 26 November 2015.

This report is presented to shareholders on behalf of the board who are present today to answer any questions shareholders may have following the formalities.

Our Managing Director Ramy Azer is an apology today because he is in Egypt on Company business to which I will refer later.

I refer shareholders to the directors report contained within the published Annual Report for 2015 which gave a comprehensive overview of the activities of the company. I ask that the published report be taken as read.

The published directors report adequately covers all activities of the Company and I look forward to receiving any questions shareholders may have at the end of formalities but now I turn to comment on the few key activities for the financial year 2014/2015.

Business Development.

This past year has been one of preservation of scarce financial resources, focus on Egypt and re-evaluation of our business model in Australia where the Company will actively participate in banana fibre product production and manufacturing. We do not resile from the belief that the best commercial longer term position for the Company is to be the developer and licensor of Intellectual Property.

In November 2014 we advised that the Company had secured a Joint Venture Agreement to establish and operate a banana fibre business to produce fruit and vegetable trays. We have since secured a foundation investor for the project and in the near term we will seek to raise further necessary capital to commence the project.

Despite our confidence in November 2014 we did not establish the business as anticipated in 2015 but the JV partner and the foundation investor are committed to the project which we will pursue as a priority once the Egypt project has commenced in 2016.

Papyrus Egypt.

Activity in Egypt has been ongoing through 2015 and positive as a result of the more stable political and business environment. During this calendar year the Managing Director has spent many months in Cairo and Sohag planning for, directing and implementing the installation of all plant, machinery and equipment in the Sohag factory.

Our partners in the Papyrus Egypt project addressed our due diligence and contractual requirements which enabled the Company to transfer all of the requisite banana fibre production machinery from Walkamin to Sohag by mid 2015.

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The Managing Director has recently completed the installation of all plant, machinery and equipment at the Sohag factory. The only remaining activity is to commission the Banana Veneering Unit which is installed in the factory and ready for commissioning.

Papyrus Egypt will be given the use of the machinery for commercial production immediately after finalization of the financing arrangements which remain under negotiation with the National Bank of Egypt and which is dependent on commissioning the BVU.

The Egyptian Banana Fibre Company, has at its cost completed the establishment and infrastructure fit-out of the factory building on the industrial land which has been granted by the Egyptian government to Papyrus Egypt, and we anticipate that unencumbered ownership of that land will be transferred to Papyrus Egypt once operations commence in the factory building, allowing that land and improvements to be utilized as additional security for any financing arrangements required.

Assets.

We have transferred to Egypt all plant, equipment and machinery required and sold locally all remaining unrequired equipment.

Our Intellectual Property bank remained stable during the year although for financial reasons we have reduced some of the territorial claims but remained focused on the major world economies, and territories where banana is grown, all of which is detailed in the Annual Report.

The Company continues to rely for its short term finance requirements on the loan advanced by the Managing Director Ramy Azer and his wife Phoebe Azer facilitated through their company Talisker Pty Ltd. We are again grateful for such support provided by the Managing Director and his wife.

Governance.

During the year we advised of the retirement of founding director Donald Stephens to whom we are very grateful for his long and valued service.

I note the attendance today of our directors Vince Rigano and Andrew Ford and thank them for their support and guidance. I also record our thanks to Managing Director Ramy Azer who continues to enthusiastically represent the Company worldwide as the opportunities arise.

Remuneration

The Board is committed and working hard to achieve a sound and a sustainable future for the Company. We implemented further significant cost cutting measures during the year to ensure sustainability consistent with our needs and future direction.

As a matter of record, the Directors have not taken any fees since late in 2010 and the Managing Director's remuneration ceased in June 2012 and no liability is accruing for any of these items. The directors and management are all absolutely committed to this Company and its potential.



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I thank the Directors for their tireless commitment to the future of Papyrus Australia and I thank the shareholders for their patience.

Ted Byrt.

Chairman.

26 November 2015.