



## **Chairman's report to the AGM on 30 November 2018.**

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

Our Managing Director Ramy Azer will give a presentation after the formalities and will take questions.

I refer shareholders to the Company's Operations report contained within the published Annual Report for 2018 which gave a satisfactory overview of the activities of the company during the past financial year.

### **Financial support.**

I wish to note at the outset the outstanding financial support we have received in Australia during the past 12 months primarily from a few sophisticated investors, most of whom are here today who are true believers in what Papyrus is seeking to achieve and have demonstrated their belief in the company by such investments.

I note for the record that those investors collectively contributed capital totalling \$140,000 during the past 12 months.

The company also retains the confidence of directors who have supported the company financially, especially Ramy Azer and his wife Phoebe Azer, who through their company Talisker (SA) Pty Ltd have maintained significant financial support.

### **Papyrus in Egypt.**

The sole focus of the company in the past year has been the Papyrus activity in Egypt which has been very positive through 2018 as a result of the leadership of Ramy Azer and the Egypt Chief Executive Ms Heba Nayle, and the support of the team they have assembled at the Sohag factory. I will leave it to Ramy Azer to comprehensively address the status in Egypt later this morning.

Vince Rigano and I visited Egypt and the Sohag factory over 10 days in September. We met all management and staff in Sohag, met Government and

community leaders in Sohag, and met with the EBFC shareholders in Cairo. We were supported throughout by Ms Heba Nayle and Ramy Azer.

Ramy will speak to the operations in Egypt and I simply report that the community and local government support we have received in Sohag is of immense importance to Papyrus in Egypt, as much as our presence in Egypt is of immense importance to the Sohag community.

Now that manufacturing operations in Egypt have reached a commercial status, which has only occurred because of our contributions through financial accommodation regarding the patented machinery, and the personal contributions of Ramy Azer over several years, we are in discussions with EBFC regarding the future of our involvement in Egypt.

Our primary goal in supporting the project in Egypt was to establish a true demonstration of the potential of the Papyrus vision in a commercial operating environment in a developing country where banana is grown and valued.

We are fielding enquiries regularly from other developing countries which grow banana and who have stated their wish to establish a similar facility. The proof of commercial opportunity being realised in Egypt is to be used as the basis for attracting investors from other countries and their communities to establish banana fibre processing facilities.

The opportunity now for Papyrus Australia is to return to the long held goal to be a technology development and licensing entity, and that will be our focus and that of Ramy Azer from next year.

To facilitate this objective, the directors wish to convert company equity in Papyrus Egypt to a contractual relationship with EBFC, which does not require us to contribute any resources to the operating entity in Egypt. Nor will it create any financial burden for the company, and will enable us to pursue other opportunities already identified.

The IP Licensing and Royalty Payments financial model is based on a percentage of sales to reflect the equivalent cash flow of what we would have expected to achieve if we were a JV participant in Papyrus Egypt – but without the necessity of contributing to Capital and Opex to the venture.

Product sales have commenced in Egypt, revenue has been received by

EBFC, and the EBFC sales revenue forecast for the next two years is LE28m (Egyptian Pounds). We are committed to assisting EBFC to achieve its goals through appropriate consulting and technical support.

This new proposal has been presented to EBFC for consideration. I expect that these discussions will conclude before the end of this calendar year and shareholders will be advised of the outcome.

In addition, the proposed banana fibre moulded tray project is still a “work-in-progress”. Government approval has been given for the design of the new building required on the adjoining land, refiner machinery is in transit from China, and the investor Mr Ashraf Dose from the United States remains committed. Given the proposed new contractual arrangements with EBFC we expect a similar contractual relationship to be negotiated with Mr Dose. Shareholders will be advised of the outcome.

## **Governance.**

I thank the directors for their ongoing support and guidance which is greatly appreciated. I also record our thanks and appreciation to Managing Director Ramy Azer who continues to enthusiastically represent the Company in Egypt and worldwide as opportunities arise.

Our most important task now is to ensure that Papyrus Egypt is fully supported to achieve its business potential, that the real new business opportunities being presented to Papyrus Australia in and through Egypt are captured and that we develop revenues and become a profitable company.

To achieve this we will need appropriate executive support and the board will address that need as a priority.

## **Remuneration**

The board is committed and working with determination and perseverance 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 Ramy Azer’s remuneration ceased in June 2012. No liability is accruing for any of these items. The directors are all absolutely committed to this company and its potential.

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.  
30 November 2018.