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Chairman’s Report

Welcome to *Progress*, a newsletter to keep you informed about Plentex Limited’s journey to become a leading Australian-Asian aquaculture business. Our goal is to market high-quality Barramundi fish throughout the region, supported by our own integrated agri-business and aquafeed operations and research & development into new aquaculture products.

I have just returned from a visit to the Philippines where I met with General Manager, Mike McMahon and the other Directors of Plentex Philippines Inc.

The main purpose of my trip was an investor roadshow in Manila to seek pre-IPO funding to establish the first stage of our Philippine business strategy, an integrated agri-product manufacturing plant. Our meetings were encouraging and I hope to report a positive outcome in the near future.

The agri-product plant is ready for construction at Suhi in the Leyte Province. It is expected to generate immediate revenue through adding value to abundant local crops (rice, cassava and coconuts) for on-sale and, in the future, will also produce feedstock for the proposed aquafeed plant.

We are particularly excited by the incorporation of coconut processing into the agri-product mix.

The coconut unit will process up to 100,000 whole coconuts and 30,000 dehusked nuts on a daily basis and feature the latest coconut processing equipment in the world to produce virgin coconut oil (VCO) and a range of valuable by-products.

Nothing is wasted including coconut water which has become a popular speciality product in its own right. Coconut meat yields many products including coconut flour, desiccated coconut, coconut milk, coconut chips, candies, *bukayo* or local sweetened shredded coconut meat and animal feeds. The shell can be converted into activated carbon and briquettes. The coir is used to make brushes, doormats, carpets, bags, ropes, yarn fishing nets, mattresses and geo technical matting for stabilisation of slopes.

With VCO prices soaring to in excess of US\$3,500 per tonne in the first quarter of 2016, we are confident that the coconut unit will be a highly profitable addition to our business.

On the bigger picture, Plentex is already laying the foundations for its aquaculture business with strong support from the Philippine Bureau of Fisheries and Aquatic Resources (BFAR).

The aquaculture facility based at Villareal on Samar comprises a former BFAR fish hatchery which is undergoing re-commissioning for the rearing of fry, fingerlings and small size marine fish. It will be augmented, when funds permit, with the installation of off-shore floating sea cages for the production of market size fish.

We are fortunate to have access to prime offshore aquaculture lease areas in unpolluted and very clean waterways. The lease areas are close to other company infrastructure and landing and fish processing sites are very well connected with freight logistics.

Philippines Base

Our operational base in Suhi is starting to take shape. Significant earthworks have cleared the site boundaries and established roadways. A site office, security hut and workshop are in place. A large dam has been built and stocked with tilapia, the sale of which offsets current running costs. See Figures 1 and 2 below.

Figs1 & 2: Construction of a dam at Plentex Philippines Inc.’s Suhi base. Left: Early construction July 2015; Right: Completion March 2016.



Commercial Memoranda Of Understanding Signed



Fig.3: **From left to right:** Professor Gavino C. Trono, University of the Philippines; Mr Michael McMahon (standing), Plentex Philippines Inc.; Dr Marco Nemesio Montaño, University of the Philippines and Dr Gil S. Jacinto, Marine Environment and Resources Foundation. Inc.

Last month, Plentex Philippines Inc. signed two Memoranda of Understanding with the University of the Philippines, Marine Environment & Resources Foundation Inc. (MERF) and inventors for the worldwide commercialisation rights to proprietary cultivation, processing and extraction technology for *Halymenia durvillei*, a commercially valuable red seaweed.

Plentex, as nominated commercial partner, assisted the University in obtaining a US AID STRIDE grant for 1 year funding of PhP 4 million (AUD110k) and a further extension by a similar grant which occurred in September 2015 to support research into production of pigments and other high-value natural products from the seaweed.



Natural stocks of *H. durvillei* in the Philippines have been depleted and harvesting of natural stocks is illegal. Thus cultivation of this seaweed is important for the sustainable utilisation of this high value resource.

Proprietary culture technology for the biomass production of *H. durvillei* has been developed by co-investigator, Prof. Gavino Trono (Philippine National scientist) and is the subject of an MOU between MERF, PPI and Professor Trono. The second MOU, between MERF, PPI and Professor (Coke) Montano – University of the Philippines relates to proprietary processing and extraction technology developed by Prof. Montano.

PPI and Professors Trono and Montano are now focusing on commercial scale biomass production and extraction processes for the production of phycobilin pigments and lambda-like carrageenan.

Fig.4: *H. durvillei* is an economically important, natural source of red and blue phycobilin pigments extensively used in the cosmetics, pharmaceutical and food industries and lambda-like carrageenan widely used as a thickening, gelling agent or stabilizer in the food industry and a useful dietary supplement for curing allergic reactions.

Spotlight on Mike McMahon

General Manager – Philippine Operations

Mike is a successful entrepreneur, a fifth generation Australian farmer who has an accounting background and extensive experience in the finance broking industry. He was a founding partner of the firms, Centerlease, which pioneered new financial instruments in Australia that gave farmers access to funding and tax relief and later, Associated Brokers, that further developed the emerging mortgage broking industry. While with the Hotel Dynamics group, Mike worked extensively in Asia and earned the reputation as the architect of the co-branded credit card concept. In 2002 OnCard Ltd (ASX:ONC) was founded to develop and market co-branded Mastercards. To follow a passion, in 2006 Mike having been a former Rugby Union and League player of note was invited to become the inaugural coach of the Philippine Rugby Union and whilst there developed his vision for a fully integrated aquaculture business.

Mike has developed an influential and supportive business and government network in the Philippines. In 2012 he established a Hong Kong based company with plans to establish a vertically integrated business near Tacloban commencing with the redevelopment of a substantial fish hatchery which he successfully brought into production in 2013. Mike resigned his position as Managing Director of this company in early 2014 in order to focus his attention on Plentex's Philippine operations.