

It's a restart as MCG buys LR Plastics, creates MCG Flexibles

Core of ops personnel at Durban company involved in restart

MCG has bought LR Plastics, the Durban film extrusion and bag-making business which had gone into business rescue towards the end of last year. The Mobeni-based company is now operating as MCG Flexibles.

MCG bought the assets of the company and has taken over the employment contracts of the employees who had not yet resigned.

MCG bought the assets of the company and the capital was used as a compromise to creditors. No debt comes with the transaction and the assets are unencumbered, said MCG managing director Ian Victor.

A Propco, with similar shareholders as MCG, bought the 21000m² property in Richard Carte Rd, Mobeni. This will ensure MCG Flexibles can trade without interruption, added Victor. LR built was then its

new factory on the site in 2006 with further upgrades completed in 2011. It was at the time one of the most impressive sites in the industry.

Production at MCG Flexibles recommenced in June and the first 120 tons of product was sold just two weeks after the machines were restarted, added Victor.

LR was formerly one of SA's most prestigious film manufacturers, and was regarded as such for many years. The company was built up by astute entrepreneur Dudley le Roux over the past 36 years and was known for its outstanding product quality.

"LR had all the relevant accreditation, including British food grade accreditation," said Victor.

"The machines were well maintained and during our DD process, each machine was tested and found more than capable of supplying the same quality product to the market place as customers where accustomed

to. LR has good equipment that can supply a variety of products, more than many competitors, into a wide market space.

"MCG is continuously looking for opportunity and with LR we feel we have a fantastic base to enter into the flexibles market and compete immediately with competitors. Furthermore, I believe that with LR exiting the market, a gap was created and although LR caused much pain for its customers, MCG Flexibles will be able to reassure old LR customers that we are able to offer them even more value once we gain their trust again.

"MCG, as you are well aware, is not shy to invest in its factories and we will take the same approach with LR once we have stabilised the company," added Victor.

The majority of senior staff had left prior to the purchase, including all the former directors. The ops managers and operators who had remained on site during the

Africa's first reverse recycling machines

Re-purposing waste now has even more advantages



Imagined Earth's reverse recycling machine allows the public to earn points if they insert empty plastic bottles and cans

(PHOTO: DUMISANI SIBEKO)

IMAGINE being able to buy airtime or even train tickets just by recycling your plastic bottles and tin cans. The time for imagining is over, with the introduction of reverse recycling machines to shops, stations and garages. Although this concept is not a new one, it is a first on the continent.

The idea is that, for every plastic bottle or tin can inserted into the machine, the user will earn points. These can be accumulated and then used to buy something such as airtime, or even to pay for a commute on a bus or train.

According to Gabi Falanga of The Star, the 'green' advertising company, Imagined Earth, has imported seven machines into the country, and has been placing them at venues across Johannesburg.

The machine is programmed to

recognize the bar-codes of most bottled and canned products. People who use the machines will have to register on the Imagined Earth website to redeem their points.

Brothers Justin and Christopher Needham have spent the last two years conceptualizing their ideas and customizing the machines to suit the South African market. For the first two months, the machines will be used on a trial basis, and points earned by users will allow them to enter competitions.

The first machine has been placed outside Guru coffee shop in Parktown North in Johannesburg. During the trial period, every 25th person to recycle using the machine will get a free coffee from Guru.

Flexible approach
 – The new signage at the 21,000m² site in Mobeini, one of the largest in the industry in Durban, went up pronto. The more challenging task of rebuilding the extrusion business is now underway, with MCG appearing ready to back up its new venture with further investment and added manpower and skills

business rescue process helped with the restart.

“There is a core of production, engineering and admin staff who are seriously motivated in making MCG Flexibles work. Garry Salkow is heading up the start-up team and we have old employees wanting to return on a continuous basis. MCG has and is engaging with many role players in the flexibles space to ensure we hit the ground running and not make the same mistakes as old LR did. MCG will use its market intelligence to win back market share, he added.

“The most challenging part is to regain customers’ trust and we are working at this with a new sales and marketing team,” added Victor.

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The Imagined Earth team is able to monitor and manage the machines remotely. “The machines can take 1400 units and it tells us when it is 60% or 70% full,” explained Christopher.

Justin explained that Imagined Earth would not be making money off the recycled waste. “We don’t want to make money off the waste. So, it will go back to a CSI initiative or to the user.” The company will make its revenue by selling both wrap-around static advertising on the machines as well as digital advertising, which will be displayed on a screen on the front of the machine.

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