Papyrus Australia Ltd

ABN 63 110 868 409

Annual Financial Report

For the Year Ended 30 June 2020

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Corporate Information

This annual report covers Papyrus Australia Ltd (ABN 63 110 868 409) the consolidated group ('Group') comprising Papyrus Australia Ltd and its subsidiaries. The Group's functional and presentation currency is Australian dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 8 to 16. The directors' report is not part of the financial report.

Directors
Mr Edward Byrt (Chairman)
Mr Ramy Azer (Managing Director)
Mr Steve Howe (Appointed 7th September 2020)
Mr Vincent Peter Rigano

Company Secretary
Mr Vincent Peter Rigano

Registered Office
C/-V P Rigano & Co Pty Ltd
Level 2, 2 Peel Street
ADELAIDE SA 5000

Principal place of business
C/-V P Rigano & Co Pty Ltd
Level 2, 2 Peel Street
ADELAIDE SA 5000

Share Registry
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Auditors
Grant Thornton Audit Pty Ltd
Level 3
170 Frome Street
ADELAIDE SA 5000

Papyrus Australia Ltd
ABN 63 110 868 409
Corporate Governance Statement
30 June 2020

Introduction
Papyrus Australia Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

The Group details below the corporate governance practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated. Some of the charters and policies that form the basis of the corporate governance practices of the Group may be located on the Group's website, http://www.papyrusaustralia.com.au/

On 27 February 2019, the ASX Corporate Governance Council released the 4th Edition of its Corporate Governance Principles and Recommendations (4th Edition Recommendations). The Group reviewed its corporate governance and reporting practices under these principles and the disclosures in this Corporate Governance Statement reflect this. As at the date of this statement, the Group complies with the 4th Edition Recommendations (unless otherwise stated).

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the group in both the short and the longer term and seek to balance objectives in the best interests of the group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:
- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring the organisational performance and the achievement of the Group's strategic goals and objectives;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- appointment and performance assessment of the Managing Director (MD);
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team, including the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders; and
- ensuring appropriate resources are available to senior management.

Due to the size of the Company, the day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are managed by the Board.

The Board has not publicly disclosed a statement of matters reserved for the Board, or the Board charter. Given the size of the Company at this time, the Board does not consider the formation of a Board charter necessary.

The Board is presently responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The Board evaluates prospective candidates against a range of criteria including the skills, experience, expertise and diversity that will best complement Board effectiveness at the time. The Board undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

A written agreement has not been executed with each director setting out the terms of their appointment; therefore the Group does not comply with recommendation 1.3 of the Corporate Governance Principles and Recommendations. The Company believes that due to their size and nature of operations that this is acceptable, however will ensure written agreements are executed with future directors and senior executives.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for maintaining the information systems and processes that are appropriate for the Board to fulfill its role and to achieve the objective of the Company. The Company Secretary is also responsible for ensuring that the Board procedures are complied with and advising the Board on governance matters. All Directors and Committees have access to the Company Secretary for advice and services. Independent advisory services are retained by the Company Secretary at the request of the Board or Committees.

The Company does not have a diversity policy, which formally documents the principles and commitment in relation to maintaining a diverse group of employees within the Company, and therefore has not complied with recommendation 1.5(b) of the Corporate Governance Principles and Recommendations. However the Board continually assesses the composition of the Board. The Company believes this to be appropriate at this time, but notes it uses diversity as a driver for staff recruitment.

The total proportion of men and women on the board, in senior positions (being Key Management Personal and decision makers of the Company) and across the whole organisation is listed below:

Category	Men	Women
Board	4	-
Senior Management	-	-
Whole Organisation	4	-

The Group has not disclosed in this Corporate Governance Statement its measureable objectives for achieving gender diversity and therefore has not complied with recommendation 1.5(a) of the Corporate Governance Principles and Recommendations. Due to the size of the Company and its number of employees, the Board does not consider it appropriate, at this time, to formally set measurable objectives for gender diversity.

The Board will at least annually evaluate its performance and the performance of its committees and individual directors to determine whether or not it is functioning effectively by reference to the current best practices. The Board continually evaluates the composition of the Board, however a formal evaluation of its performance and the performance of its committees and individual directors is yet to be conducted. Due to the size of the Company, the Board has determined that this is appropriate at Company's stage to date, however it does recognise that ongoing performance evaluation is important to ensure that the Board, committees and individual director's remain relevant and committed to the Company's business operations and changing business requirements. At the date of this report, the Company has not complied with recommendation 1.6(b) of the Corporate Governance Principles and Recommendations.

The Group currently has no senior executives and therefore has no formal process for evaluating the performance of its senior executives.

Principle 2: Structure the board to add value

The Board has not established a nomination committee, and thus not complied with recommendation 2.1(a) of the Corporate Governance Principles and Recommendations. The Directors takes ultimate responsibility in addressing board succession issues and to ensure the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The Board closely assesses diversity criteria when considering Board candidates.

The Group's desired mix of skills and competence is listed below. The Board considers its current composition adequately meets these required competencies.

Area	Competence
Leadership	Business Leadership, Public Listed Company Experience
Business, Finance and Legal	Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Financial Literacy, Legal, Mergers and Acquisitions, Risk Management, Tax – International
Sustainability and Stakeholder Management	Community Relations, Corporate Governance, Health & Safety, Human Resources, Remuneration
Engineering and Technical	Engineering qualifications

At the date of this statement the Board consists of the following directors:

Mr Edward Byrt, Non-Executive Chairman, Mr Ramy Azer, Managing Director, Mr Steve Howe Non-Executive Director, Mr Vincent Rigano, Non-Executive Director/Company Secretary.

The Board considers this to be an appropriate composition given the size and development of the Group at the present time and continually assesses the composition of the Board to ensure its membership maintains a combination of skills and experience that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives. The names of directors including details of their qualifications and experience are set out in the Directors' Report of the Annual Report and also available on the Company's website: www.papyrusaustralia.com.au

Independence
The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

The Board has accepted the following definition of an independent Director:

An independent director is a director who is not a member of management, is a Non-Executive Director and who:
- is not, or has not been, employed in an executive capacity by the Group and there has been a period of at least three years between ceasing such employment and serving on the Board;
- is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services to the Group;
- is not, or has not within the last three years been, in a material business relationship (eg as a supplier or customer) with the Group , or an officer or, or otherwise associated with, someone with such a relationship;
- is not a substantial security holder of the entity or an officer of , or otherwise associated with, a substantial security holder of the entity;
- does not have a material contractual relationship with the Group other than as a director; or
- has not been a director of the entity for such a period that his or her independence may have been compromised. Mr Steve Howe and Mr Vincent Rigano are Non-Executive Directors and have no other material relationships with the Group other than his directorship. The Group therefore has two independent directors during the year as those relationships are defined.

The Board considers its current structure to be an appropriate composition of the required skills and experience, given the experience of the individual Directors and the size and development of the Company at the present time. Each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.4, all Directors bring an independent judgment to bear on Board decisions.

The Company's Chairman, Mr Edward Byrt is not an independent director, due to his shareholding, but he does not fulfill the role of CEO. The Company therefore has not complied with recommendation 2.5 of the Corporate Governance Principles and Recommendations. The Company believes this to be appropriate at this time given the size and nature of the Company's operations, but will continue to consider the composition of the board in the future.

The Company does not maintain a formal program for inducting new Directors, however the Company Secretary ensures all new directors receive adequate information and documentation on appointment. The Company also ensures that appropriate professional development opportunities are provided to directors to ensure they develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Principle 3: Act lawfully, ethically and responsibly

The Company has developed a Code of conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behavior and professionalism and the practices necessary to maintain confidence in the group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

Principle 4: Safeguard integrity in corporate reporting

Audit Committee (the Committee)
The Committee consists of the following directors:

Mr Vincent Rigano (Committee Chair) (Non-Executive Director) Mr Edward Byrt (Non-Executive Chairman), Mr Steve Howe (Non-Executive Director)and Mr Ramy Azer (Managing Director)

Mr Vincent Rigano is independent member; the chair of the Committee is not the chair of the Board; however, the independent members do not comprise the majority of the Committee, therefore the Group does not comply with recommendation 4.1(a) (1) of the Corporate Governance Principles and Recommendations. As all four Directors are also members of the audit committee, and given the size of the Company, the Board deems the composition of the Committee appropriate at this time.

The relevant qualifications and experience of each of the members of the Committee can be found in the director profiles contained within the Company's Annual Report and on the Company's website at: www.papyrusaustralia.com.au. All members of the Audit Committee are financially literate and have an appropriate understanding of the industries in which the group operates.

The number of times the Committee met throughout the period and the individual attendance of the members at those meetings are outlined within the Annual Report.

The Audit Committee does not have a formal charter and has therefore not complied with recommendation 4.1(3) of the Corporate Governance Principles and Recommendations. The Board believes this is appropriate given the size of the Company and the composition of the Committee.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Chairman and Company Secretary have certified to the Board that the financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects. This declaration is provided to the Board before it approves the Company's financial statements for a financial period, and declares that in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give and true and fair view of the financial position and performance of the entity.

External auditors
The Company and Board Policy, is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Grant Thornton Audit Pty Ltd ('Grant Thornton') was appointed as the external auditor at the Company's AGM in 2012. It is Grant Thornton's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions.

The amount of fees paid to the external auditors is provided in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make timely and balanced disclosure

Continuous disclosure
The Company has a policy that all the Company Shareholders and investors have equal access to the Company's information. The Board will ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.

The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Group and its Directors and to made well-informed investment decisions. The Company provides all information about itself and its corporate governance via its website at: www.papyrusaustralia.com.au

Principle 6: Respect the rights of security holders

Investors relations and member participation
The Company does not have a formal shareholder communication policy which is not in compliance with recommendation 6.2 of the Corporate Governance Principles and Recommendations.

Shareholders are encouraged to participate at all Annual General Meetings and other General Meetings of the Company. Upon the dispatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. The meetings shall also be conducted to allow questions and feedback to the Board and management of the Company.

The Company aims to promote effective communication to and from shareholders. At this time Members of the Company cannot register to receive email notifications when an announcement is made by the Company to the ASX, which is a departure from recommendation 6.3 of the Corporate Governance Principles and Recommendations; however Members are encouraged to contact the company via their website or directly to the registered office. Members are also encouraged to register with the Company's share register to communicate electronically.

Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Company.

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Board. The Board has also established an Audit, Risk and Compliance Committee which addresses the risks to the Company.

The Board will review and monitor the parameters under which such risks will be managed. Management accounts will be prepared and reviewed at Board meetings. Budgets will be prepared and compared against actual results.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control, a review took place during the reporting period.

The Company does not have an internal audit function due to the size and nature of the Group, however the Audit, Business Risk and Compliance Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Audit Committee and the Board:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- reviews group-wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Board on the effectiveness of:

- the risk management and internal control system during the year, and
- the company's management of its material business risks.

Securities Trading Policy
The Company has established a policy concerning trading in the Company's shares by the Company's officers, employees and contractors and consultants to the Company while engaged in work for the Company ("Representatives").

This policy provides that it is the responsibility of each Representative to ensure they do not breach the insider trading prohibition in the Corporations Act. Breaches of the insider trading prohibition will result in disciplinary action being taken by the Company.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Board on the effectiveness of:

- the risk management and internal control system during the year, and
- the company's management of its material business risks.

Securities Trading Policy
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This policy provides that it is the responsibility of each Representative to ensure they do not breach the insider trading prohibition in the Corporations Act. Breaches of the insider trading prohibition will result in disciplinary action being taken by the Company.

Representatives must also obtain written consent from the Chairman (or, in the case of the Chairman, from the Board) prior to trading in the Company's securities.

Subject to these restrictions, the policy provides that Directors, the Company Secretary and employees of, or contractors to, the Company that have access to the Company's financial information are permitted to trade in the Company's securities throughout the year except during the following periods:

a) the period between the end of the March and September quarters and the release of the Company's quarterly report to ASX for so long as the Company is required by the Listing Rules to lodge quarterly reports;

b) the period between the end of the June quarter and the release of the Company's annual report to ASX; and

c) the period between the end of the December quarter and the release of the Company's half year report to ASX.

In exceptional circumstances the Board may waive the requirements of the Share Trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal.

Directors must advise the Company Secretary of changes to their shareholdings in the Company within two business days of the change.

The Securities Trading Policy can be viewed on the ASX announcements tab at www.asx.com.au.

Exposure to material economic, environmental and social sustainability risk
The Company's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The Company at present has not identified specific material risk exposure in these categories. Review of the Company's risk management policy is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

Principle 8: Remunerate fairly and responsibly

The Chairman and the Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is $300,000. This amount cannot be increased without Shareholder approval.

The Board has not established a Remuneration Committee, as given the size of the Group and number of employees, it is not considered that this is required at this time. The Board therefore fulfils the duties of the committee.

Every employee of the Group signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading 'Remuneration report' included within the Annual Report. In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

The Directors present their report, together with the financial statements of the Group, being Papyrus Australia Ltd (the Group) and its controlled entities, for the financial year ended 30 June 2020.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Edward Byrt, Chairman
Mr Ramy Azer, Managing Director
Mr Steve Howe, Non-Executive Director, (Appointed 7 September 2020)
Mr Vincent Peter Rigano, Non-Executive Director

Edward Byrt, LLB (Non-Executive Chariman)

Ted Byrt is a company director with over 30 years' experience in commerce, corporate governance and international business. He is a specialist strategic advisor for major development and infrastructure projects within Australia and offshore.

Ted is a business advisor and Board member of several leading organisations in South Australia. He was until March 2017 Presiding Member of the Development Assessment Commission, he is Chairman of the China Cluster, The Australian Advanced Manufacturing Centre Pty Ltd, Red Chip Photonics Pty Ltd and Arkwright Technologies Pty Ltd, he was until December 2017 a Director of Treyo Leisure & Entertainment Ltd (ASX listed) and he is a Board member of the Aboriginal Foundation of South Australia Inc. He is also a member of the Company's Audit committee and has been a Director of Papyrus since 2004.

Ted is not (currently or in the previous 3 years) a director of any other listed companies.

Ramy Azer, MSTC, MSc (Eng), Grad Dip Bus, Bachelor of Engineering (Mechanical), (Managing Director)

Ramy Azer is the founder and developed the Company's technology. He has been a regular guest lecturer and speaker on issues including sustainable business development and innovation. Ramy has been Managing Director since 2005 and prior to that had 10 years' experience with Papyrus Technology Pty Ltd.

Ramy is not (currently or in the previous 3 years) a director of any other listed companies.

Steve Howe, (Non-Executive Director)

Steve Howe has over 50 years' management experience in commerce, information technology and international business. He is respected for his innovation, business acumen and achievement record and has consulted to corporate clients such as Elders Ltd, Coopers Brewery Ltd and Adelaide Brighton Ltd.

Steve has been a director and chairman of a number of companies and is passionate about corporate governance. He understands business processes from an operational, executive management and board level perspective, in particular their impact on the bottom line.

Steve is not (currently or in the previous 3 years) a director of any other listed companies.

Vincent Peter Rigano, BA Accounting, CPA (Non-Executive Director and Company Secretary)

Vince is a CPA with over 25 years' experience in corporate accounting, management consulting and company secretarial. Vince was company secretary for a number of years for Papyrus.

Vince provides management accounting and consulting services to a variety of industry sectors including start-ups.

He is also a member of the Company's Audit Committee.

Vince is not (currently or in the previous 3 years) a director of any other listed companies.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The Group's commercialisation strategy remains focused on being a technology licensing Group assisting suitable entities to establish banana veneering and panel production factories in locations worldwide where bananas are grown.

There have been no significant changes in the nature of those activities during the year.

OPERATING RESULTS

The loss of the consolidated group after providing for income tax amounted to $133,735 (2019: $109,781).

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Papyrus Australia Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Edward Byrt	25,799,481	-
Mr Ramy Azer	48,685,253	-
Mr Steve Howe	183,864	-
Mr Vincent Peter Rigano	11,830,445	1,000,000

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

OPERATIONS REVIEW

The Company's essential activities for the financial year 2019/2020 were to support the Egyptian Banana Fibre Company (EBFC) to develop the banana fibre business being undertaken is Sohag, Egypt.

In addition to the production of banana veneer and banana fibre for subsequent processing and manufacture to produce saleable products, the Company through the direction of the Managing Director, Ramy Azer has guided and undertaken the development of a new agricultural product from banana fibre equivalent to "peat" otherwise imported into Egypt for application to deficient soils.

Mr. Azer has also reported that another new agriculturally beneficial product branded "Musa" is being produced in Sohag. This product is a nutrient rich liquid fertilizer drawn from the liquid naturally occurring in the banana tree. Acceptance and demand for the product continues to grow.

The Company maintains its preferred commercialisation strategy to be a technology licensing company assisting suitable entities to establish banana veneering and fibre production factories in locations worldwide where bananas are grown, validated by the successful project in Egypt, but acknowledges that it may be essential to first participate in the establishment of banana veneering and fibre production facilities to give comfort to prospective participants such as has been required in Egypt.

The plan is that the Company's revenue will be generated from technology licensing fees, machinery sales, support services and dividends from any joint venture undertaken starting with the project in Egypt. The Company acknowledges that it must first participate collaboratively with others as it is doing in Egypt to get the initial fibre production facilities operational and fully commissioned to satisfy concerns about the risks believed to be associated with being the first to undertake the manufacture of banana fibre product.

OPERATIONS REVIEW (Continued)

In line with this plan, the Company in early 2020 in negotiations with EBFC to unwind the exclusive IP license Agreement entered into in April 2019 (ASX announcement 15 April 2019) and revert back to the original joint venture arrangements. This would ensure that the Company maintained its 50% equity in the joint venture company (Papyrus Egypt).

In November 2019 a significant new investor in the Company, Union Pacific Equities Pty Ltd (UPE) entered into an agreement to subscribe for up to 19.9% of the issued equity (ASX Announcement 12 November 2019) Union Pacific Equities Pty Ltd (UPE). To date UPE has subscribed $390,000 in accordance with the agreement. The funds were applied towards the Company strategy to strengthen the situation and opportunity in Egypt, and to explore the application of the Company's patented technology and '"know how" to residual hemp fibre which UPE will bring to the operations of the Company.

The Company continued to reduce its operating costs as required to preserve working capital. The Company has met all of its expenses and there are no known unbudgeted expense items. The Directors, including the Managing Director, continued to forego their remuneration during the year. The Company is also indebted to Talisker (SA) Pty Ltd (an entity related to the Managing Director, Ramy Azer) continuing financial support as previously announced.

The Annual General Meeting of the Company was held on 28 November 2019, where the Chairman gave a comprehensive review of the Company's operations and strategic activities.

In summary, the financial year 2019/2020 has been challenging and frustrating but rewarding in regard to the progress made in Egypt. The significant challenge was to maintain all requisite corporate obligations on a very limited budget for which we thank some dedicated shareholders.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2020.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to investigate new opportunities for approval by the Company's shareholders and the ASX if required. The outcome of these investigations cannot be predicted at this time. The Group may require further capital to sustain its activities.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Group however believes that it has adequate systems in place for the management of any future environmental regulations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 20 August 2020 the Company issued 21,000,000 options exercisable at $0.01 per option, representing the balance of shares to be acquired by Union Pacific Equities (UPE) to attain its 19.9% interest in the Company.

The Company completed the transaction for the purchase of 15% equity in Egypt Banana Fibre Company for an aggregates amount of EGP 3,306,055 (ASX Release 31 August 2020) and is awaiting approval from the Egyptian Government for the issue of the share certificate. EBFC, PPY and Papyrus Egypt are presently progressing the expansion of PPY's direct interest in EBFC and its indirect interest in Papyrus Egypt from its present interests. Following the unwinding of the royalty agreement, regained its 50% equity interest in Papyrus Egypt and through its acquisition of the 15% interest in EBFC referred to above, has a further 7.5% indirect "interest" in Papyrus Egypt.

The Company on 7 September 2020 appointed Mr Steve Howe as a director, and issued 750,000 options exercisable at $0.05 per option to Mr S Howe as an incentive.

On 17 September 2020 the Company settled the legal claim for alleged defamation instituted by Dr Allan Branch. The terms of the settlement agreement are to remain confidential between the parties.

On 20 August 2020 the Company has raised $30,000 from United Pacific Equities Pty Ltd and the board reviews its capital raising activities on a regular basis to meet its cash flow requirements.

There have been no other significant matters subsequent to the end of the financial year.

Shares under option
At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price		Balance at 1 July 2019	Net Issued / (Exercised or expired) during year	Balance at 30 June 2020
19/12/2017	18/12/2019	$0.01		6,213,084	(6,213,084)	-
18/05/2018	18/05/2020	$0.01		1,000,000	(1,000,000)	-
24/06/2019	24/06/2022	$0.01		4,000,000	(2,000,000)	2,000,000
				11,213,084	**(9,213,084)**	**2,000,000**

Shares issued as a result of the exercise of options
As a result of the exercise of option, 3,500,000 shares were issued on 24 August 2019 and 5,213,084 shares were issued on the 19 December 2019 (5,000,000 options were exercised during 2019 financial year).

Options Expired
500,000 options expired during the year.

New options issued
21,000,000 unlisted options exercisable at $0.01 per option and with a expiry date of 20 December 2020 were issued to sophisticated investors. 750,000 unlisted options exercisable at $0.05 per option with an expiry date of 7 September 2022 were issued to Mr Steve Howe as an incentive.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (CONTINUED)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has not indemnified (un-insured) each director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for key management personnel of Papyrus Australia Ltd.

Remuneration philosophy
The Board is responsible for determining remuneration policies applicable to Directors and senior executives of the entity. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration, consideration is given by the Board to the Group's financial performance.

Employment contracts
The employment conditions of the Managing Director, Mr Ramy Azer, are formalised in a services contract between his related entity Talisker (SA) Pty Ltd and Papyrus Australia Ltd and his fee is $300,000 per annum (exclusive of GST). The Company may terminate the services contract without cause by providing one (1) month's written notice or making payment in lieu of notice, based on the annual fee. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. It is however noted that during the 2020 financial year, Mr Azer has agreed to forgo any remuneration due to the available working capital of the Company.

Key management personnel remuneration and equity holdings
The Board currently determines the nature and amount of remuneration for key management personnel of the Group. The policy is to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The non-executive directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to key management personnel is expensed as incurred. Executives are also entitled to participate in the Group share option scheme. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Non-executive Directors' fees are determined within an aggregate director's fee pool limit, which is periodically recommended for approval by shareholders. The pool does not include the remuneration payable to the Managing Director Mr Ramy Azer. The maximum currently stands at $300,000 per annum and was approved by shareholders prior to the Company listing in April 2005. It should be noted that the directors have not received any remuneration during the 2020 financial year.

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants.

REMUNERATION REPORT CONTINUED- AUDITED

USE OF REMUNERATION CONSULTANTS

VOTING AND COMMENTS MADE AT THE COMPANY'S 2019 ANNUAL GENERAL MEETING
Papyrus Australia Ltd's motion in relation to the approval of 2019 remuneration report passed with a vote total of more than 95%. The Company did not receive any specific feedback at the AGM on its remuneration report.

Table 1: Director remuneration for the year ended 30 June 2020 and 30 June 2019

	Primary Benefit	Post Employment	Share-based Payments	Total
	Salary & Fees $	Superannuation $	Options $	$
Mr Ramy Azer				
2020	-	-	-	-
2019	-	-	-	-
Mr Edward Byrt				
2020	-	-	-	-
2019	-	-	-	-
Mr Vincent Rigano				
2020	-	-	-	-
2019	-	-	-	-
Total				
2020	**-**	**-**	**-**	**-**
2019	-	-	-	-

Table 2: Remuneration of key management personnel for the year ended 30 June 2020 and 30 June 2019

Other than directors, there were no key management personnel engaged during the 2020 financial year or during the previous financial year.

Options issued as part of remuneration during the year ended 30 June 2020
No options were issued as part of remuneration during the year ended 30 June 2020.

Options holdings of Key Management Personnel

	Balance at 1 July 2019	Granted as remuneration	Other Changes - Exercised	Other Changes - Issued	Balance at 30 June 2020	Vested and Exercisable at 30 June 2020
R Azer	-	-	-	-	-	-
E Byrt	3,392,884	-	(3,392,884)	-	-	-
V Rigano	3,820,200	-	(2,820,200)	-	1,000,000	1,000,000
Total	**7,213,084**	**-**	**(6,213,084)**	**-**	**1,000,000**	**1,000,000**

REMUNERATION REPORT CONTINUED- AUDITED

Key Management Personnel Shareholdings

	Balance at 1 July 2019	Other Changes	Balance at 30 June 2020
R Azer***	29,203,853	19,481,400	48,685,253
E Byrt*	24,049,481	1,750,000	25,779,481
V Rigano**	9,010,245	2,820,200	11,830,445
	62,263,579	**24,051,600**	**86,315,179**

During the year:-
* Mr Byrt was issued 3,392,884 shares as a result of the conversion of options, and disposed of 1,6428,884.
** Mr Rigano was issued 2,820,200 shares as a result of the conversion of options.
*** Mr Azer was issued 19,481,400 shares as a result of part conversion of the Talisker (SA) Pty Ltd loan.

Other transactions with key management personnel

The Company has an unsecured loan representing a draw down facility provided by Talisker (SA) Pty Ltd ("Talisker"), an entity associated with the Company's Managing Director, Mr Ramy Azer. The loan is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors.
The balance of the loan at 30 June 2020 is $39,462 (2019: $313,655). During the year, Talisker converted $274,193 of its loan to equity which had been approved at the 2019 annual general meeting.
The Company has unsecured loans with E Byrt, R Azer and V Rigano. The loans are short-term in nature and no interest is payable. The balances of the loans are as follows:

	Balance at 30 June 2020	Balance at 30 June 2019
R Azer	4,879	4,879
E Byrt	90	90
V Rigano	2,029	1,210

END OF AUDITED REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		*Audit Committee*	
Number of meetings held	19		2	
Number of meetings attended:	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Mr Edward Byrt	19	19	2	2
Mr Ramy Azer	19	16	2	-
Mr Vincent Rigano	19	19	2	2

Members acting on the audit committee of the Board are:

Vincent Rigano	Non-executive director
Edward Byrt	Non-executive director
Ramy Azer	Managing director

PROCEEDINGS ON BEHALF OF THE COMPANY

The claim that had been raised against the Group in 2019 was settled under a confidentiality agreement on 17 September 2020.

The Group was not a party to any other such proceedings during the year.

NON AUDIT SERVICES

Grant Thornton Audit Pty Ltd, in its capacity as auditor for Papyrus Australia Ltd, has not provided any non-audit services throughout the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2020 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 17.

Signed in accordance with a resolution of the directors.

Mr Ramy Azer Managing Director

Dated this 30th day of September 2020

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Members of Papyrus Australia Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Papyrus Australia Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

D Chau
Partner – Audit & Assurance

Adelaide, 30 September 2020

Papyrus Australia Ltd
ABN 63 110 868 409
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020

		Consolidated Group	
		30 June 2020 $	**30 June 2019 $**
Other income	**3 (a)**	237,779	-
Grant income		109,914	130,388
Depreciation expense	**3 (b)**	(109,914)	(130,388)
Employee benefits expenses		(1,890)	(1,080)
Loss on settlement of liabilities with entities own equity	**11(a)**	(115,436)	-
Other expenses	**3 (c)**	(250,612)	(100,075)
Finance Costs		(3,576)	(8,626)
Loss before income tax benefit		(133,735)	(109,781)
Income tax benefit	**4**	-	-
Loss for the period		(133,735)	(109,781)
Loss attributable to members of the parent entity		(133,735)	(109,781)
Other comprehensive income		-	-
Total comprehensive income for the year		(133,735)	(109,781)
Total comprehensive income attributable to members of the parent entity		(133,735)	(109,781)
Earnings per share:		*Cents*	*Cents*
Basic earnings per share	**5**	(0.05)	(0.05)
Diluted earnings per share	**5**	(0.05)	(0.05)

The accompanying notes form part of these financial statements.

Papyrus Australia Ltd
ABN 63 110 868 409
Consolidated Statement of Financial Position
For the Year Ended 30 June 2020

	Note	Consolidated Group 30 June 2020 $	Consolidated Group 30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents	**6**	28,142	34,072
Trade and other receivables	**7**	33	1,147
Prepayment	**8**	260,000	-
TOTAL CURRENT ASSETS		288,175	35,219
NON-CURRENT ASSETS			
Property, plant and equipment	**9**	91,034	200,948
TOTAL NON-CURRENT ASSETS		91,034	200,948
TOTAL ASSETS		379,209	236,167
CURRENT LIABILITIES			
Trade and other payables	**10**	122,843	66,358
Short-term borrowings	**11**	46,460	319,834
Other current liabilities	**12**	-	233,180
TOTAL CURRENT LIABILITIES		169,303	619,372
NON-CURRENT LIABILITIES			
Other non-current liabilities	**12**	88,546	198,460
TOTAL NON-CURRENT LIABILITIES		88,546	198,460
TOTAL LIABILITIES		257,849	817,832
NET ASSETS / (LIABILITIES)		121,360	(581,665)
EQUITY			
Issued capital	**13**	21,395,581	20,558,821
Reserves	**14**	915,722	915,722
Accumulated losses		(22,189,943)	(22,056,208)
TOTAL EQUITY / (DEFICIT)		121,360	(581,665)

The accompanying notes form part of these financial statements.

Papyrus Australia Ltd
ABN 63 110 868 409

Consolidated Statement of Change in Equity

For the Year Ended 30 June 2020

		Consolidated Group			
	Note	Issued Capital $	Retained Earnings/ (Accumulated losses) $	Share Option Reserve $	Total $
Balance at 1 July 2018		20,468,821	(21,946,427)	915,722	(561,884)
Comprehensive income					
Loss for the year		-	(109,781)	-	(109,781)
Total comprehensive income for the period		-	(109,781)	-	(109,781)
transactions with owners, in their capacity as owners, and other transactions					
Shares issued via exercise of options on 16 November 2018		45,000	-	-	45,000
Shares issued via exercise of options on 3 April 2019		5,000	-	-	5,000
Shares issued via private placement on 24 June 2019		40,000	-	-	40,000
Total transactions with owners and other transactions	**13**	90,000	-	-	90,000
Balance at 30 June 2019		20,558,821	(22,056,208)	915,722	(581,665)
Balance at 1 July 2019		20,558,821	(22,056,208)	915,722	(581,665)
Comprehensive income					
Loss for the year		-	(133,735)	-	(133,735)
Total comprehensive income for the period		-	(133,735)	-	(133,735)
transactions with owners, in their capacity as owners, and other transactions					
Shares Issued via exercise of options on 24 August 2019		35,000	-	-	35,000
Shares issued via private placement on 12 November 2019		60,000	-	-	60,000
Shares issued as a result of 2019 AGM resolution on 12 December 2019		389,629	-	-	389,629
Shares issued via exercise of options on 19 December 2019		52,131	-	-	52,131
Shares issued via private placement on 26 February 2020		100,000	-	-	100,000
Shares issued via private placement on 29 June 2020		200,000	-	-	200,000
Total transactions with owners and other transactions	**13**	836,760	-	-	836,760
Balance at 30 June 2020		21,395,581	(22,189,943)	915,722	121,360

The accompanying notes form part of these financial statements.

Papyrus Australia Ltd
ABN 63 110 868 409

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	Consolidated Group 30 June 2020 $	30 June 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,599	-
Payments to suppliers and employees		(219,964)	(100,019)
NET CASH USED IN OPERATING ACTIVITIES	**15**	(215,365)	(100,019)
CASH FLOWS FROM INVESTING ACTIVITIES			
Prepayment for investment		(260,000)	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(260,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		447,131	90,000
Proceeds from borrowings		22,304	1,091
NET CASH PROVIDED BY FINANCING ACTIVITIES		469,435	91,091
Net (decrease)/increase in cash and cash equivalents		(5,930)	(8,928)
Cash at the beginning of the financial year		34,072	43,000
CASH AT THE END OF THE FINANCIAL YEAR	**6(a)**	28,142	34,072

The accompanying notes form part of these financial statements.

This financial report covers the consolidated financial statements and notes of Papyrus Australia Ltd ('the Company') as an individual entity and the consolidated Group comprising Papyrus Australia Ltd and it's Controlled Entities ('the Group'). Papyrus Australia Ltd is a for-profit Group limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The financial statements were authorised for issue by the Board of Directors on 30 September 2020.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The separate financial statements and notes of the parent entity, Papyrus Australia Ltd, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Except for the cash flow information, the financial statements are prepared on an accruals basis and are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

1 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(d) Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.
Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(f) Trade and other receivables

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses (‘ECLs’) as allowed in accordance with AASB 9 Financial /Instruments.

Therefore the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

1 Summary of Significant Accounting Policies (continued)

(g) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utlised.

Unrecognised deferred income tax assets are reassessed a each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1 Summary of Significant Accounting Policies (continued)

(g) Income Tax (continued)

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax consolidation legislation

Papyrus Australia Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

(h) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Plant and Equipment

Each class of plant and equipment are measured using the cost model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line and diminishing value basis from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

1 Summary of Significant Accounting Policies (continued)

(i) Plant and Equipment

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Plant and Equipment	2.5 -10 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(j) Financial instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement of financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1 Summary of Significant Accounting Policies (continued)

(k) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(l) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

(n) Equity settled compensation

The Group provides benefits to employees of the Group in the form of share-based payments, whereby employees receive options incentives (equity-settled transactions).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) which provides benefits to employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to issued capital.

1 Summary of Significant Accounting Policies (continued)

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(p) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to members of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2020 and 2019.

(q) Going concern

The financial report has been prepared on the basis of a going concern. The Group incurred a net loss of $133,735 and a net cash outflow from operating and investment activities of $475,365 during the year ended 30 June 2020, and as of that date, the Group's cash balance was $28,142. The Group continues to be economically dependent on the unsecured loan facility provided by an entity associated with the Managing Director (Note 21(a)), generation of cash flow from the business and/ or raising additional capital for the continued development of its Banana Ply Project and working capital. The Group continues to be in consultation with its advisers and potential partners to evaluate alternative means of raising additional capital. The Directors believe the entity is a going concern because it has the ongoing support of its financier, Talisker (SA) Pty Ltd (an entity associated with the Managing Director Ramy Azer), and the potential of positive cash flows from the Banana Ply Project as revenue increase will make contributions to the Group.

The Group's ability to continue as a going concern is contingent upon the above matters. Consequently a material uncertainty exists as to the consolidated entity's ability to continue as a going concern. If sufficient funds are not available under the loan facility, cash flow is not generated and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(r) Critical accounting estimates and judgments

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, in preparing this report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ended 30 June 2019.

Key estimates - Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

1 Summary of Significant Accounting Policies (continued)

Key estimates - Estimates of useful lives and residual value of assets

The Group determine the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. The useful life and residual values could change significantly as a result of technical innovations or some other events. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key judgement - Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. Other than those addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

(s) New Accounting Standards and Interpretations

Significant Accounting Policies

AASB 16 *Leases and Interpretation 23 Uncertainty over Income Tax* became effective for periods beginning on or after 1 July 2019. Accordingly, the Group applied AASB 16 and Interpretation 23 for the first time for the year ended 30 June 2020. Changes to the Group's accounting policies arising from these standards are summarised below:

New Standards adopted as at 1 July 2019

AASB 16 Leases

AASB 16 supersedes AASB 117 "Leases" and Interpretation 4 "Determining whether an Arrangement contains a Lease" and became effective for reporting periods beginning on or after 1 July 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Accordingly the Group applied AASB 16 for the first time for the period ended 30 June 2020.

There are currently no leases held by the Group. As a result of this the impact of this standard has had no impact on the Group.

1 Summary of Significant Accounting Policies (continued)

(t) New Accounting Standards and Interpretations (continued)

Significant Accounting Policies

Interpretation 23 Uncertainty over Income Tax

The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019.

New Accounting Standards issued but not yet effective and not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

3 REVENUE AND EXPENSES

	Note	Consolidated Group 30 June 2020 $	30 June 2019 $
REVENUE			
(a) Other income			
Other income	12(a)	**233,180**	-
Royalties		**4,599**	-
		237,779	-
EXPENSES			
(b) Depreciation of non-current assets			
Plant and equipment		**109,914**	130,388
Total depreciation		**109,914**	130,388
(c) Other expenses			
Audit fees		**40,260**	31,294
Legal fees		**117,847**	15,275
Professional services		**6,430**	1,815
Travel and accommodation		**10,000**	-
Governance and secretarial costs		**6,300**	5,487
Rent		**-**	336
Communications expense		**590**	526
Share registry and ASX expenses		**52,352**	44,792
Other expenses		**16,833**	550
		250,612	100,075

4 Income Tax Expense

The major components of tax expense (income) comprise:

	Consolidated Group	
	30 June 2020	**30 June 2019**
	$	**$**
Income tax expense	**-**	-

A reconciliation between tax expense and the product of accounting Loss before income tax multiplied by the Group's applicable income tax

Loss before income tax	**(133,735)**	(109,781)
At the Group's income tax rate of 27.5% (2019: 27.5%)	**(36,777)**	(30,190)
Expenditure not allowable for income tax purposes	**-**	5
Tax losses not recognised due to not meeting recognition criteria	**36,777**	30,185
	-	-

The Group has tax losses arising in Australia of $12,715,227 (2019: $12,581,492).

No deferred tax asset has been recognised because it is not likely future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.

5 Earnings per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2020 or 2019.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(a) Reconciliation of earnings to profit or loss from continuing operations

		Consolidated Group	
		2020	**2019**
		$	**$**
Net loss attributable to ordinary equity holders of the parent		**(133,735)**	(109,781)

5 Earnings per Share (continued)

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

		2020	2019
Weighted average number of ordinary shares for basic earnings per share		**258,842,410**	235,149,515
Effect of dilution			
Share options		-	-
Weighted average number of ordinary shares adjusted for the effect of dilution		**258,842,410**	235,149,515

6 Cash and cash equivalents

			Consolidated Group	
	Note		2020	2019
Cash at bank and in hand			**28,142**	34,072
	6(a)		**28,142**	34,072

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(a) Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash at bank and in hand				**28,142**	34,072
				28,142	34,072

7 Trade and other receivables

				Consolidated Group	
				2020	2019
				$	$
CURRENT					
GST recoverable				**33**	1,147

8 Prepayments

			Consolidated Group	
			2020	2019
	Note		$	$
Prepayment for the investment in equity in				
Egypt Banana Fibre Company			**260,000**	-
	8(a)		**260,000**	-

(a) Prepayments

Prepayments represent a deposit equivalent to EGP2,716,111 paid to Egypt Banana Fibre Company ("EBFC") which accounts for part of the purchase consideration totalling EGP3,306,055 for 15% equity interest in EBFC. The remaining consideration of EGP589,944 has been settled subsequently in August 2020 (Note 24).

9 Plant and equipment

	Consolidated Group 2020 $	Consolidated Group 2019 $
PLANT AND EQUIPMENT		
Plant and equipment at cost	**1,961,166**	1,961,166
Accumulated depreciation and impairment	**(1,870,132)**	(1,760,218)
	91,034	200,948

(a) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current and previous financial years:

Consolidated	**Plant and Equipment $**
Year ended 30 June 2019	
Balance at the beginning of year	331,335
Depreciation expense	(130,387)
Balance at the end of the year	200,948

Consolidated	**Plant and Equipment $**
Year ended 30 June 2020	
Balance at the beginning of year	**200,948**
Depreciation expense	**(109,914)**
Balance at the end of the year	**91,034**

10 Trade and other payables

	Note	Consolidated Group 2020 $	Consolidated Group 2019 $
CURRENT			
Trade payables	10 (a)	**15,699**	10,021
Sundry payables and accrued expenses	10 (b)	**107,144**	56,337
		122,843	66,358

(a) Trade payables

Trade payables are non-interest bearing and normally settled on 60 day terms.

Information regarding the risks associated with current payables is set out in Note 20.

(b) Sundry payables and accrued expenses

Within Sundry payables and accrued expenses, $61,700 relates to accrued interest on the loan provided by Talisker (SA) Pty Ltd (an entity associated with the Managing Director Ramy Azer) repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors (Note 11(a)).

11 Borrowings

CURRENT Unsecured liabilities			
Other loans	11(a)	**46,460**	319,834
Total unsecured liabilities		**46,460**	319,834

(a) Unsecured loan

Talisker (SA) Pty Ltd ("Talisker") an entity associated with the Company's Managing Director, Mr Ramy Azer in 2012 entered into an agreement with the Company to provide a draw down facility of $250,000. The unsecured loan during the year represents the draw down from the facility as at 30 June 2020: $39,462 (2019: $313,655). The loan is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors. The is interest bearing at the rate of interest payable by the National Australia Bank Limited on 'Usaver savings accounts' or, '12 month term deposits'(whichever is greater) plus one percent (1%) and is considered payable at the time the loan is repaid.

The unsecured loan amount of $274,193 provided by Talisker was settled by the issue of 19,481,400 ordinary shares issued by the Company on 12 December 2019. The fair value of these options amounted to $389,629 (Note 13). A loss of $115,436 has been recognised in the profit and loss upon the settlement.

In addition, the Company has unsecured loans as at 30 June 2020: $90 (2019: $90) with E Byrt, $2,029 (2019: $1,210) with V Rigano and with R Azer $4,879 (2019: $4,879).

12 Other liabilities

		Consolidated Group	
		2020	**2019**
		$	**$**
CURRENT			
Deferred income	12(a)	-	**233,180**
Total current other liabilities		-	**233,180**
NON-CURRENT			
Government grants received In advance	12(b)	**88,546**	**198,460**
Total non-current other liabilities		**88,546**	**198,460**

(a) Deferred income

The Company has brought to revenue the initial non-refundable deposit from the Egyptian Fibre Company ("EBFC") for machinery to be built and delivered by the Company.

(b) Government grants received in advance

The Company has been the recipient of two government grants that contained claw back provisions if certain performance targets were not met by the Company. The Company has fulfilled its contractual obligations under the respective Grant Deeds as at 30 June 2020. The Company has also filed all reports required of it pursuant to the Grant Deeds. In accordance with AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance', as the grants related to the Company's plant and equipment and intangibles, they have been deferred and have been systematically released to the consolidated statement of profit and loss and other comprehensive income with the depreciation and impairment of the relevant assets. For the year ended 30 June 2020, $109,914 has been released (2019: $130,388).

13 Issued capital

299,343,999 fully paid ordinary shares (2019: 235,149,515)			**21,280,145**	20,558,821
Total issued capital			**21,280,145**	20,558,821

(a) Ordinary shares				
		Consolidated		
	2020	**2020**	**2019**	**2019**
	Number	**$**	**Number**	**$**
At the beginning of the reporting period	**235,149,515**	**20,558,821**	226,149,515	20,468,821
Shares issued pursuant to option conversion 24 August 2019	**3,500,000**	**35,000**	5,000,000	50,000
Shares issued pursuant to 2019 AGM Resolutions 12 December 2019 (Note 11(a))	**19,481,400**	**389,629**	-	-
Shares issued pursuant to private placement 12 December 2019	**6,000,000**	**60,000**	4,000,000	40,000
Shares issued pursuant to option conversion 12 December 2019	**5,213,084**	**52,131**	-	-
Shares issued pursuant to private placement 26 February 2020	**10,000,000**	**100,000**	-	-
Shares issued pursuant to private placement 29 June 2020	**20,000,000**	**200,000**	-	-
At the end of the reporting period	**299,343,999**	**21,395,581**	235,149,515	20,558,821

On 24 August 2019, the Company announced that it had raised $35,000 by way of a conversion of 3,500,000 options to ordinary fully paid shares at a price of $0.01 per new share. On the 16 November 2019, the Company announced the conversion was completed.

On 19 December 2019, the Company announced that it had raised $52,131 by way of a conversion of 5,213,084 options to ordinary fully paid shares at a price of $0.01 per new share. On the 19 December 2019, the Company announced the conversion was completed.

On 12 November 2019, the Company announced that it had entered into agreements with new and certain existing shareholders to raise $60,000 by way of a placement of 6,000,000 ordinary fully paid shares at a price of $0.01 per new share. On the 12 December 2019, the Company announced the placement was completed.

On 12 December 2019, the Company announced that in accordance with the resolution adopted at the AGM held on 28 November 2019, Talisker (SA) Pty Ltd converted $274,193 of its loan facility to equity, resulting in the placement of 19,481,400 ordinary fully paid shares. On the 12 December 2019, the Company announced the placement was completed

On 26 February 2020, the Company announced that it had entered into agreements with new and certain existing shareholders to raise $100,000 by way of a placement of 10,000,000 ordinary fully paid shares at a price of $0.01 per new share. On the 26 February 2020, the Company announced the placement was completed.

On 29 June 2020, the Company announced that it had entered into agreements with new and certain existing shareholders to raise $200,000 by way of a placement of 20,000,000 ordinary fully paid shares at a price of $0.01 per new share. On the 29 June 2020, the Company announced the placement was completed.

The holders of ordinary shares are entitled to participate in dividends (in the event when a dividend is declared) and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Group does not have authorised capital or par value in respect of its shares.

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any net proceeds of liquidation.

13 Issued capital (continued)

(b) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

Proceeds from share issues are used to maintain and expand the Group's research and development activities and fund operating costs.

14 Reserves

			Consolidated Group	
			2020	**2019**
	Note		**$**	**$**
Share Option Reserve				
Balance at beginning of financial year			**915,722**	915,722
Share based payments			**-**	-
Balance at end of the year	14(a)		**915,722**	915,722

(a) Share option reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 16 for further details of these plans. No share based options were issued to employees or directors during the current year.

15 Reconciliation of net loss after tax to net cash flows from operations

		Consolidated Group	
		2020	**2019**
		$	**$**
Net loss		**(133,735)**	(109,781)
Non-cash flow in loss*:*			
- Depreciation		**109,914**	130,388
- Loss on settlement of liabilities with entities own equity		**115,436**	**-**
Changes in assets and liabilities			
- Decrease/(Increase) in trade and other receivables		**1,114**	516
- Decrease/(Increase) in trade and other payables		**35,000**	9,246
- Increase/(Decrease) in other current liabilities		**(233,180)**	-
- Increase/(Decrease) in other non-current liabilities		**(109,914)**	(130,388)
Net cash (used in)/provided by operating activities		**(215,365)**	(100,019)

16 Share based payments

(i) Employee Share Option Plan

The Group established the Papyrus Australia Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.

16 Share based payments (continued)

- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue (provided all relevant vesting conditions, if applicable, have been met). Options will be issued free. The exercise price of options will be determined by the Board. The total number of shares, the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

- If, prior to the expiry date of options, a person ceases to be an employee of the Group for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 30 days from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.

- Options can't be transferred other than to the legal personal representative of a deceased option holder.

- The Company will not apply for official quotation of any options issued under the plan.

- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year:

A summary of the Group options issued is as follows:

2020 Exercise price WAEP	Start of the year No.	Granted during the year No.	Exercised during the year No.	Expired during the year No.	Balance at the end of the year No.	Vested and exercisable at the end of the year No.
0.01	11,213,084	-	(8,713,084)	(500,000)	2,000,000	2,000,000
	11,213,084	-	(8,713,084)	(500,000)	2,000,000	2,000,000
2019 Exercise Price WAEP	**Start of the year No.**	**Granted during the year No.**	**Exercised during the year No.**	**Expired during the year No.**	**Balance at the end of the year No.**	**Vested and exercisable at the end of the year No.**
0.05	1,500,000	-		(1,500,000)	-	-
0.01	2,700,000		(2,700,000)	-	-	-
0.01	12,213,084	4,000,000	(2,300,000)	(2,700,000)	11,213,084	11,213,084
	16,413,084	4,000,000	(5,000,000)	(4,200,000)	11,213,084	11,213,084

The weighted average remaining contractual life of options outstanding at year end was 1.98 years (2019: 1.41 years).

The range of weighted average exercise prices for options outstanding at the end of the year was $0.01 (2019: $0.01 - $0.05).

17 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2020.

During the year ended 30 June 2019, a claim had been raised against the Group. This claim has been settled subsequent to 30 June 2020 (Refer to Note 24).

18 Remuneration of Auditors

Remuneration of the auditor of the company,
Grant Thornton Audit Pty Ltd, for:

		Consolidated Group	
		2020	**2019**
		$	**$**
Fee for the audit and review of the financial report		**40,260**	31,294
Total remuneration of auditors		**40,260**	31,294

No non-audit services have been provided.

19 Interest in Controlled Entities and Joint Ventures

	Principal place of business / country of incorporation	Ownership Interest	
		2020	***2019***
Name of entity		***%***	***%***
Parent entity			
Papyrus Australia Ltd (a)	Australia		
Subsidiaries			
Papyrus Technology Pty Ltd (b)	Australia	100	100
PPY Manufacturing Pty Ltd (b)	Australia	100	100
Australian Advanced Manufacturing Centre Pty Ltd (b)	Australia	100	100
Pulp Fiction Manufacturing Pty Ltd (c)	Australia	0	100
Yellow Pallet B.V.	The Netherlands	50	50

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

a. Papyrus Australia Ltd is the head entity within the tax-consolidated group.
b. These companies are members of the tax-consolidated group.
c. This company was deregistered on 3 November 2019.

20 Financial Risk Management

Categories of financial instruments

The totals for each category of financial instruments, measured in accordance with the Accounting Standards as detailed in the accounting policies to these financial statements, are as follows:

			Consolidated Group	
			2020	**2019**
	Note		**$**	**$**
Financial assets				
Cash and cash equivalents	6		**28,142**	34,072
Total financial assets			**28,142**	34,072
Financial Liabilities				
Financial liabilities at amortised cost				
- Trade and other payables	10		**122,843**	66,358
- Borrowings	11		**46,460**	319,834
Total financial liabilities			**169,303**	386,192

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group’s maximum exposure to credit risk.

Market risk

(i) Cash flow interest rate sensitivity

The Group is exposed to interest rate risk as it holds some bank deposits at floating rates.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term deposits are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its short term bank deposits, which are subject to variable interest rates.

20 Financial Risk Management (continued)

(i) Financial instrument composition and maturity analysis

The Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Maturing within 1 year		Non-interest bearing		Total	
	2020 %	2019 %	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $
Financial Liabilities:								
Borrowings	**3.00**	3.30	**39,462**	313,655	**6,998**	5,087	**46,460**	319,834

The Company is not materially exposed to any effects on changes in interest rates.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, whom have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long‑term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

21 Related Parties

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Talisker (SA) Pty Ltd ("Talisker") an entity associated with the Company's Managing Director, Mr Ramy Azer in 2012 entered into an agreement with the Company to provide a draw down facility of $250,000. The unsecured loan during the year represents the draw down from the facility as at 2020: $39,462 (2019: $313,655). The loan is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors. The is interest bearing at the rate of interest payable by the National Australia Bank Limited on 'Usaver savings accounts' or, '12 month term deposits'(whichever is greater) plus one percent (1%) and is considered payable at the time the loan is repaid.

The unsecured loan amount of $274,193 provided by Talisker was settled by the issue of 19,481,400 ordinary shares issued by the Company on 12 December 2019. The fair value of these options amounted to $389,629 (Note 13). A loss of $115,436 has been recognised in the profit and loss upon the settlement.

In addition, the Company has unsecured loans as at 30 June 2020: $90 (2019: $90) with E Byrt, $2,029 (2019: $1,210) with V Rigano and with R Azer $4,879 (2019: $4,879).

21 Related Parties (continued)

(a) Transactions with related parties (continued)

- The Company has an unsecured loan provided by E Byrt. The loan is unsecured and is interest free. The balance of the loan at 30 June 2020 is $90 (2019: $90).
- The Company has an unsecured loan provided by V Rigano. The loan is unsecured and is interest free. The balance of the loan at 30 June 2020 is $2,029 (2019: $1,210).
- The Company has an unsecured loan provided by R Azer. The loan is unsecured and is interest free. The balance of the loan at 30 June 2020 is $4,879 (2019: $4,879).

(b) Interests of Key Management Personnel (KMP)

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of Key Management Personnel's interests in shares and options of the Company, refer to Key Management Personnel disclosures in the Remuneration Report contained in the Directors' Report.

22 Key Management Personnel Disclosures

Key Management Personnel

The following individuals are classified as key management personnel in accordance with AASB 124 'Related Party Disclosures'.

Mr Edward Byrt - Chairman

Mr Ramy Azer - Managing Director

Mr Vincent Peter Rigano - Non-Executive Director and Company Secretary

22 Key Management Personnel Disclosures (continued)

Totals of remuneration paid

Key management personnel remuneration included within employee expenses for the year is shown below:

		2020 $	2019 $
Short-term employee benefits		-	-
Post-employment benefits		-	-
Share based payments		**-**	-
Total remuneration paid to key management personnel		-	-

The audited remuneration report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2020.

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 21: Related Parties.

23 Parent entity

The following information has been extracted from the books and records of the parent, Papyrus Australia Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Papyrus Australia Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognized in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments,

		2020	2019
		$	$
Statement of Financial position			
Assets			
Current assets		**288,175**	35,219
Non-current assets		**-**	-
Total Assets		**288,175**	35,219
Liabilities			
Current Liabilities		**166,815**	616,884
Non-current liabilities		-	-
Total liabilities		**166,815**	616,884
Equity			
Issued capital		**21,395,581**	20,558,821
Accumulated losses		**(22,189,943)**	(22,056,208)
Reserves		**915,722**	915,722
Total equity (deficit)		**121,360**	(581,665)
Statement of Profit or Loss and other Comprehensive Income			
Total loss for the year		**(133,735)**	(109,781)
Other comprehensive loss		-	-
Total comprehensive loss		**(133,735)**	(109,781)

23 Parent entity (continued)

Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 17. The contingent liabilities of the parent are consistent with that of the Group.

Contractual commitments

There are no contractual commitments of the parent entity at 30 June 2020 (30 June 2019: nil).

24 Matters subsequent to the end of the Financial year

On 20 August 2020 the Company issued 21,000,000 options exercisable at $0.01 per option, representing the balance of shares to be acquired by Union Pacific Equities (UPE) to attain it's 19.9% interest in the Company.

The Company completed the transaction for the purchase of 15% equity in Egypt Banana Fibre Company for an aggregates amount of EGP 3,306,055 (ASX Release 31 August 2020) and is awaiting approval from the Egyptian Government for the issue of the share certificate. EBFC, PPY and Papyrus Egypt are presently progressing the expansion of PPY's direct interest in EBFC and its indirect interest in Papyrus Egypt from its present interests. Following the unwinding of the royalty agreement, regained its 50% equity interest in Papyrus Egypt and through its acquisition of the 15% interest in EBFC referred to above, has a further 7.5% indirect "interest" in Papyrus Egypt.

The Company on 7 September 2020 appointed Mr Steve Howe as a director, and issued 750,000 options exercisable at $0.05 per option to Mr S Howe as an incentive.

On 17 September 2020 the Company settled the legal claim for alleged defamation instituted by Dr Allan Branch. The terms of the settlement agreement are to remain confidential between the parties.

On 20 August 2020 the Company has raised $30,000 from United Pacific Equities Pty Ltd and the board reviews its capital raising activities on a regular basis to meet its cash flow requirements.

There have been no other significant matters subsequent to the end of the financial year.

Papyrus Australia Ltd
ABN 63 110 868 409
Directors’ Declaration

The directors of the Group declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Managing Director and Company Secretary have given the declarations required by Section 295A that:

   a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view.

3. In the directors opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

Mr Ramy Azer Managing Director

Dated this 30th day of September 2020

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Independent Auditor's Report

To the Members of Papyrus Australia Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Papyrus Australia Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(q) in the financial statements, which indicates that the Group incurred a net loss of $133,735 and a net cash outflow from operating and investing activities of $475,365 during the year ended 30 June 2020, and as of that date, the Group's cash balance was $28,142. As stated in Note 1(q), these events or conditions, along with other matters as set forth in Note 1(q), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Papyrus Australia Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

D Chau
Partner – Audit & Assurance

Adelaide, 30 September 2020