

## ASX ANNOUNCEMENT

29 October 2021

### Audited full Year Accounts to 30 June 2021



**Papyrus Australia Ltd** ("PPY"/"Company"/"Papyrus") a world leading "agricultural waste fibre technology company" advises that:-

The Company in accordance with the class waiver from listing rule 4.2B released the unaudited preliminary final ASX report for the year ended 30 June 2021 (ASX: announcement 31 August 2021) on the conditions that:

- 1 PPY is not a mining entity or an oil and gas exploration entity, and the appended information set out in unaudited preliminary final ASX report for the year ended 30 June 2021 have been provided within two months from the end of the relevant accounting period being 31 August 2021.
- 2 In addition, the following information is provided to the market:
  - 2.1 PPY is relying on the Amended ASIC Relief to extend the lodgment date for its audited half year accounts and other documents to be lodged with ASIC under section 320 of the Corporations Act.
  - 2.2 PPY will immediately make a further announcement to the market if it becomes aware that there will be a material difference between the unaudited half year accounts and its audited half year accounts.

The following changes were made to the unaudited preliminary final ASX report for the year ended 30 June 2021 that had been released to the market:

- **Papyrus Egypt Joint Venture**

Effective on 1 July 2020, Papyrus Australia Limited relinquished its entitlement to licencing fees and royalties in Papyrus Egypt in consideration for the reacquisition of 50% equity in Papyrus Egypt from Egyptian Banana Fibre Company. The Company also completed the transaction for the purchase of 13.11% equity in Egyptian Banana Fibre Company for a consideration of \$319,202 (EGP \$3,306,055), which resulted in an indirect interest in Papyrus Egypt by 6.56%.

During the year, the Group progressively acquired in total, additional 12.35% shareholding in Egyptian Banana Fibre Company for a consideration of \$554,177. The goodwill balance relating to these transactions were included in the carrying amount of the investment.

As a result of the above transaction, Papyrus Egypt is a joint arrangement that is structured as an incorporated entity (company) with two principal shareholders, Papyrus Australia Limited and Egyptian Banana Fibre Company. The primary purpose of the company is to operate the factory in Sohag, Egypt with Papyrus technology and explore Egypt and the Middle East market. The Group's intention is to acquire further shareholding in Egyptian Banana Fibre Company in the future to gain control over Papyrus Egypt. The Group has 50% economic interest in Papyrus Egypt and 50% of the voting rights in relation to the joint venture.

Papyrus Australia Limited

Building 16  
35-37 Stirling Street  
THEBARTON SA 5031  
AUSTRALIA

PO Box 566  
Torrensville Plaza  
MILE END SA 5031  
AUSTRALIA

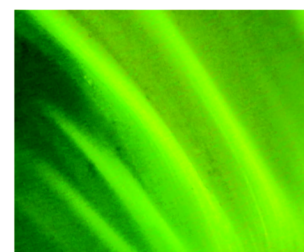
Tel: (+61) 08 7324 1232

Fax: (+61) 08 8152 0553

email@papyrusaustralia.com.au

www.papyrusaustralia.com.au

ABN: 63 110 868 409



In the Group's half-year report for the period ended 31 December 2020, the Group had provisionally accounted for acquisition of its interest in Papyrus Egypt as a business combination within the scope of AASB 3 Business Combinations on the preliminary assessment that due to the total shareholding, direct and indirectly, of over 50%, the Group had control of Papyrus Egypt. The Group also adopted a 'see-through' accounting approach in relation to Egyptian Banana Fibre Company as this is purely a holding company that holds investment in Papyrus Egypt.

During the preparation of the accounts for the full year ended 30 June 2021, the Group revisited this assessment and concluded that the Group has joint control, not control in relation to Papyrus Egypt with the other party sharing the joint control being Egyptian Banana Fibre Company. As a result, Papyrus Egypt should have been accounted for using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures rather than the acquisition method under AASB 3 Business Combinations.

- Include in the accounts the Black-Scholes model value of the following:
  - (a) 750,000 unlisted options issued to Mr Steve Howe who was appointed as a director (ASX: announcement 8 September 2020) and were subsequently approved at the AGM held on 11 November 2020 (ASX: announcement 11 November 2020).
  - (b) 500,000 options issued to Mr Peter Rostig who was appointed Manager Engineering and Business Development (ASX: announcement 6 April 2021)

In accordance with the Black-Scholes model this required the recognition of \$36,856 as an expense in the accounts.

The impact of the above on the accounts and in particular to **the consolidated statement of profit and loss and other comprehensive income and consolidated statement of financial position** was as follows:

Reference	Unaudited	Audited
<b>Consolidated statement of profit and loss and other comprehensive income</b>		
Reduced the loss before income tax from	\$138,195	\$90,783
<b>consolidated statement of financial position</b>		
Reduced net assets from	\$4,141,333	\$3,701,945

There was no other material change to the accounts.

On behalf of the Board

Vince Rigano

Company Secretary

Attached are full year statutory accounts.

# **Papyrus Australia Ltd**

**ABN 63 110 868 409**

## **Annual Financial Report**

**For the Year Ended 30 June 2021**

## **Contents**

<b>Corporate Information .....</b>	<b>2</b>
<b>Corporate Governance Statement.....</b>	<b>3</b>
<b>Directors' Report.....</b>	<b>9</b>
<b>Auditor's independent Declaration .....</b>	<b>18</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income.....</b>	<b>19</b>
<b>Consolidated Statement of Financial Position.....</b>	<b>20</b>
<b>Consolidated Statement of Change in Equity .....</b>	<b>21</b>
<b>Consolidated Statement of Cash Flows.....</b>	<b>22</b>
<b>Notes to the Financial Statements .....</b>	<b>23</b>
<b>Directors' Declaration.....</b>	<b>52</b>
<b>Independent Audit Report.....</b>	<b>53</b>

# **Papyrus Australia Ltd**

**ABN 63 110 868 409**

## **Corporate Information**

This annual report covers Papyrus Australia Ltd (ABN 63 110 868 409), and its subsidiaries (the consolidated group or 'Group'). 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 9 to 17. The directors' report is not part of the financial report.

### **Directors**

Mr Edward Byrt (Chairman)  
Mr Ramy Azer (Managing Director)  
Mr Steve Howe (Appointed 7 September 2020, Resigned 1 January 2021)  
Mr David Attrias (Appointed 13 November 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**

BDO Audit (SA) Pty Ltd  
Level 7, BDO Centre  
420 King William Street  
ADELAIDE SA 5000

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Corporate Governance Statement**  
**30 June 2021**

**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 4<sup>th</sup> 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 Group, 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.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Corporate Governance Statement**  
**30 June 2021**

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	1	-
Whole Organisation	5	-

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

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Corporate Governance Statement**  
**30 June 2021**

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 David Attrias 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](http://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 David Attrias and Mr Vincent Rigano are Non-Executive Directors and have no other material relationships with the Group other than their directorship. Mr Rigano has some shareholding in the Group, he is not a substantial security holder. As such, the Group assesses that it 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 behaviour 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.



**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Corporate Governance Statement**

**30 June 2021**

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), and Mr Ramy Azer (Managing Director)

Mr Vincent Rigano is an independent member as discussed above in Principle 4 and the Chair of the Committee. 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 three out of four Directors are 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](http://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 Managing Director 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 a 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. Following the resignation of Grant Thornton Audit Pty Ltd ('Grant Thornton') on 26 May 2021, the Company appointed BDO Audit (SA) Pty Ltd ('BDO') as the external auditor, subject to confirmation at the Company's 2021 AGM. It is BDO'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 make well-informed investment decisions. The Company provides all information about itself and its corporate governance via its website at: [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au)

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Corporate Governance Statement**

30 June 2021

**Principle 6: Respect the rights of security holders**

*Investor 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.

**Corporate Governance Statement**  
**30 June 2021**

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.

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](http://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.

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.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Directors' Report

30 June 2021

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 2021.

### 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 (Appointed 7 September 2020, Resigned 1 January 2021)

Mr David Attrias, Non-Executive Director (Appointed 13 November 2020)

Mr Vincent Peter Rigano, Non-Executive Director

#### **Edward Byrt, LLB (Non-Executive Chairman)**

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.

Steve resigned from the Board on 1 January 2021.

#### **David Attrias, MBA Banking and Finance (Non-Executive Director) Appointed on 13 November 2020)**

Driven by business opportunity, David brings a solid financial, analytical and technological background to the Papyrus Team.

David is a serial entrepreneur, having founded and successfully managed e-commerce and hospitality businesses. He is currently a director of L39 Capital, a non-executive director of Creative Food Australia, and has held a prior funds management position in a Blockchain Technology Investment Fund. David's experience is ultimately a reflection of his passion for property investment and portfolio management.

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

# Papyrus Australia Ltd

ABN 63 110 868 409

## Directors' Report

30 June 2021

**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 \$90,783 (2020: \$366,915).

### 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
	Direct interest	Indirect interest	
Mr Edward Byrt	25,799,481	140,000	-
Mr Ramy Azer	48,685,253		-
Mr Steve Howe (appointed 7 September 2020, resigned 1 Jan 2021)	183,864		750,000
Mr David Attias (appointed 13 November 2020)	-		-
Mr Vincent Peter Rigano*	12,830,445	642,884	-

\* Mr Rigano was issued 1,000,000 shares as a result of the conversion of options.

### 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 2020/2021 were to support the Egyptian Fibre Company (EBFC) to further develop and grow the banana fibre business being undertaken by the corporate JV entity Papyrus Egypt in Sohag. In line with this plan, in early 2020 the Company entered into negotiations with EBFC to unwind the exclusive IP License Agreement (ASX announcement 15 April 2020) and revert back to the original joint venture arrangements. This ensured that the Company maintained at least a 50% direct interest in the joint venture company (Papyrus Egypt). In support of this direction, the Company subsequently embarked on a program for the acquisition of addition equity in EBFC to take control of Papyrus Egypt. The Company has since the 30 April 2021 secured 25.46% shareholding in EBFC. At the date of this report, a further 13% shareholding in EFBC is in the process of being transferred to the Group.

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 three new valuable agricultural products derived from the waste banana tree trunks (BTT), the first being a dense block of fibre product equivalent to "peat" otherwise imported into Egypt and the Middle East for use in deficient sandy soils (known as "Cairo Peat"), the second being a less dense fibrous product used in agriculture (known as "Bokashi"), and another new agricultural liquid fertilizer being extracted of the liquid in the BTT (known as "Musa"). This latter product is a nutrient rich fertilizer drawn from the liquid naturally occurring in the BTT. Acceptance and market demand for these agricultural products is strong and demand continues to grow.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Directors' Report**  
**30 June 2021**

**OPERATIONS REVIEW (Continued)**

The plan is that the Company's future primary 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 which is now being achieved. The Company acknowledges that it may be required to first participate collaboratively with others as it is doing in Egypt to get the initial fiber production facilities operational and fully commissioned to satisfy concerns about risks believed to be associated with being the first to undertake the manufacture of banana products.

An additional significant cornerstone investor become a shareholder in the Company, namely, L39 Capital (ASX Announcement 16 November 2020) with the funds raised 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" and place the Company on a strong financial footing.

With the support of UPE and L39 Capital, the Company in December 2020 raised a further \$3,000,000 (before transaction costs) from sophisticated investors (ASX announcement 4 December 2020), which has enabled the Company to purchase and install additional processing equipment and increase labor resources at the Sohag factory to meet the growing demand for its products, expand human resource needs in Australia and enter into a salary package arrangement with the Managing Director.

In November 2020, the Company appointed Mr David Attias, a member of the L39 team, as a director.

On 1 January 2021, Mr Steve Howe resigned from the Company Board.

The Non-Executive Directors continued to forego their remuneration during the year.

The Annual General Meeting of the Company was held on 11 November 2020, where the Chairman and Managing Director gave a comprehensive review of Company's operations and strategic activities including the introduction of UPE director Siew Hong Koh and the team from L39 Capital.

In summary the financial year 2020/2021 has been a rewarding and progressive year underpinned by significant new investment from UPE and L39 Capital.

**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 2021.

**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 30 August 2021 the Company entered into a deed with Sydney based BPE Investments Pty Ltd and Union Pacific Investments Pty Ltd to promote the Company to potential users of its environmentally friendly technology, improve the Company's opportunities and profile in Australia and internationally and increase value to shareholders. As a result of the deed execution, the Company issued 20,000,000 unlisted options at a purchase price of \$0.0005, exercisable at \$0.06 per option, and expiring in 12 months from the date of issue.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Directors' Report**  
**30 June 2021**

**MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (Continued)**

The Company lodged an Australian patent application for its innovative banana fibre production process which produces a cost-efficient environmentally friendly fibre ideal for use in moulded food packaging products (ASX announcement 22 September 2021). This Australian patent application is an important first step in the Company acquiring broad-ranging international patent protection for this state-of-the-art zero waste process. The significant commercial value of this process was recently proven in a series of trials in which the Company successfully produced commercial quantities of high-quality biodegradable moulded food packaging using off-the-shelf moulding machines.

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	Vesting date	Net Issued /(Exercised or expired) during year	Number under option at the date of this report
24/06/2020	24/06/2022	\$0.01		(2,000,000)	-
20/08/2020	20/8/2022	\$0.01		-	-
11/11/2020	11/11/2020	\$0.05		750,000	750,000
17/11/2020	17/05/2022	\$0.015		41,666,667	41,666,667
4/05/2021	4/05/2026	\$0.20	4/05/2022	250,000	250,000
4/05/2021	4/05/2026	\$0.40	4/05/2023	250,000	250,000
30/08/2021	30/08/2022	\$0.06		20,000,000	20,000,000

**Shares issued as a result of the exercise of options**

As a result of the exercise of options, 23,000,000 shares were issued on 17 November 2020 (8,713,084 options were exercised during 2020 financial year). This includes 2,000,000 unlisted options issued on 24 June 2019 and 21,000,000 unlisted option issued on 17 November 2020.

**Options Expired**

No options expired during the year.

**New options issued**

750,000 unlisted options exercisable at \$0.5 per option were issued with an expiry date of two years from the date of issue, being 11 November 2020 when the shareholder approval was obtained.

21,000,000 unlisted options exercisable at \$0.01 per option and with an expiry date of 20 December 2022 were issued to sophisticated investors, these options were converted to shares on 17 November 2020.

41,666,667 unlisted options exercisable at \$0.015 per option and with an expiry date of 16 May 2022 were issued to sophisticated investors.

500,000 unlisted options under a contract of employment were issued 4 May 2021, of these 250,000 will vest on 4 May 2022, have an exercise price of \$0.20 per option and expire on 4 May 2026, the remaining 250,000 options will vest on 4 May 2023, have an exercise price of \$0.40 per option and an expiry date of 4 May 2026.

On 30 August 2021 the Company entered into a deed with Sydney based BPE Investments Pty Ltd and Union Pacific Investments Pty Ltd to promote the Company to potential users of its environmentally friendly technology, improve the Company's opportunities and profile in Australia and internationally and increase value to shareholders. As a result of the deed execution, the Company issued 20,000,000 unlisted options at a purchase price of \$0.0005, exercisable at \$0.06 per option, and expiring in 12 months from the date of issue.

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity. There have been no other options granted over unissued shares or interests of any control entity within the Group during or since the end of the reporting period. For details of options issued to directors and executives as remuneration, refer to the remuneration report.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Directors' Report

30 June 2021

### 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 one year service contract between his related entity Ramy Azer (an incorporated Egyptian entity BRN 4294) and Papyrus Australia Ltd and his fee is \$250,000 per annum (exclusive of GST) and a displacement allowance of \$50,000 payable by the joint venture company Papyrus Egypt. 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 noted that this contract commenced on the 1 December 2020 and that prior to this date, Mr Azer had agreed to forgo any remuneration due to the available working capital of the Company. A bonus might be payable upon achievement to an outstanding level of the Performance Indicators, and the Board may determine, in its absolute discretion, whether Mr Azer is entitled to be paid a bonus, and if so, the amount payable. The performance targets and objectives to determine Performance Indicators for 30 June 2021 were not determined and no bonus has been provided for Mr Azer.

The Company has an employment contract with Mr Peter Rostig, Manager – Engineering & Business Development with a remuneration of \$135,000 per annum plus superannuation. The contract has no fixed term with each party can terminate the contract with 3 months' notice in writing.

#### 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 other than the Managing Director, no other directors have received any remuneration during the 2021 financial year.

#### USE OF REMUNERATION CONSULTANTS

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants. The Company did not use any remuneration consultation during financial year 2021.



**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Directors' Report**  
**30 June 2021**

**REMUNERATION REPORT CONTINUED- AUDITED**

**VOTING AND COMMENTS MADE AT THE COMPANY'S 2020 ANNUAL GENERAL MEETING**

Papyrus Australia Ltd's motion in relation to the approval of 2020 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.

**DETAILS OF REMUNERATION**

**Amounts of remuneration**

Detail of the remuneration of key management personnel of the Group are set out in the following tables.

They key management personnel of the Group consisted of the following directors Papyrus Australia Limited:

Mr Edward Byrt, Chairman  
 Mr Ramy Azer, Managing Director  
 Mr Steve Howe (Appointed 7 September 2020, Resigned 1 January 2021)  
 Mr David Attrias, Non-Executive Director (Appointed 13 November 2020)  
 Mr Vincent Peter Rigano, Non-Executive Director

And the following person:

Mr Peter Rostig (Appointed 3 May 2021) – Manager – Engineering & Business Development

There has been no change to the key management personnel of the group since the end of the reporting period.

**Table 1: Directors' remuneration for the year ended 30 June 2021 and 30 June 2020**

	<b>Primary Benefit</b>	<b>Post Employment</b>	<b>Share-based Payments Options</b>	<b>Total</b>
	<b>Salary &amp; Fees</b>	<b>Superannuation</b>	<b>\$</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>		
Mr Ramy Azer				
2021(*)	145,833	-	-	145,833
2020	-	-	-	-
Mr Edward Byrt				
2021	-	-	-	-
2020	-	-	-	-
Mr Steve Howe (appointed 7 September 2020, resigned 1 January 2021)				
2021 (**)	-	-	34,664	34,664
2020	-	-	-	-
Mr David Attrias (appointed 13 November 2020)				
2021	-	-	-	-
2020	-	-	-	-
Mr Vincent Rigano				
2021	-	-	-	-
2020	-	-	-	-
<b>Total</b>				
<b>2021</b>	145,833	-	34,664	180,497
<b>2020</b>	-	-	-	-

(\*) Represents remuneration to Mr Azer under the service contract discussed above from December 2020.

(\*\*) Represents the incentive package remunerated to Mr Howes upon his appointment as Director of the Company in November 2020, over which shareholder approval was obtained at 2020 AGM.

**Directors' Report**  
**30 June 2021**

**REMUNERATION REPORT CONTINUED- AUDITED**

**DETAILS OF REMUNERATION CONTINUED**

**Table 2: Remuneration of key management personnel for the year ended 30 June 2021 and 30 June 2020**

	<b>Primary Benefit</b>	<b>Post Employment</b>	<b>Share-based Payments</b>	<b>Total</b>
	<b>Salary &amp; Fees</b>	<b>Superannuation</b>	<b>Options</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Mr Peter Rostig (appointed 3 May 2021)				
2021 (***)	17,318	1,645	2,192	21,155
2020	-	-	-	-
<b>Total</b>				
<b>2021</b>	17,318	1,645	2,192	21,155
<b>2020</b>	-	-	-	-

(\*\*\*) Represents remuneration to Mr Rostig under the service contract discussed above from May 2021. Sign-on incentive was provided to Mr Rostig as part of his appointment with the Company. 500,000 unlisted options under a contract of employment were issued 4 May 2021, of these 250,000 will vest on 4 May 2022 if Mr Rostig remains in employment with the Company, have an exercise price of \$0.20 per option and expire on 4 May 2026. The remaining 250,000 options will vest on 4 May 2023 if Mr Rostig remains in employment with the Company, have an exercise price of \$0.40 per option and an expiry date of 4 May 2026.

All remuneration for both 2021 and 2020 for key management personnel was fixed and not linked to performance.

**Options holdings of Directors and Key Management Personnel**

	<b>Balance at 1 July 2020</b>	<b>Granted as remuneration</b>	<b>Other Changes - Exercised</b>	<b>Other Changes - Issued</b>	<b>Balance at 30 June 2021</b>	<b>Vested and Exercisable at 30 June 2021</b>
R Azer	-	-	-	-	-	-
E Byrt	-	-	-	-	-	-
V Rigano (*)	1,000,000	-	(1,000,000)	-	-	-
S Howes (**)	-	750,000	-	-	750,000	750,000
P Rostig (***)	-	500,000	-	-	500,000	-
<b>Total</b>	<b>1,000,000</b>	<b>1,250,000</b>	<b>(1,000,000)</b>	<b>-</b>	<b>1,250,000</b>	<b>750,000</b>

(\*) During the year, Mr Rigano converted 1,000,000 options to shares.

(\*\*) 750,000 unlisted options exercisable at \$0.5 per option were issued to Mr Howes with an expiry date of two years from the date of issue, being 11 November 2020 when the shareholder approval was obtained. The options had a fair value of \$34,664 at the grant date, determined using Black Scholes valuation model.

(\*\*\*) 500,000 unlisted options under a contract of employment were issued 4 May 2021, of these 250,000 will vest on 4 May 2022 if Mr Rostig remains in employment with the Company, have an exercise price of \$0.20 per option and expire on 4 May 2026. The remaining 250,000 options will vest on 4 May 2023 if Mr Rostig remains in employment with the Company, have an exercise price of \$0.40 per option and an expiry date of 4 May 2026. The options had a fair value of \$8,868 and \$8,573 at the grant date, determined using Black Scholes valuation model respectively.

**Key Management Personnel Shareholdings**

	<b>Balance at 1 July 2020</b>	<b>Other Changes</b>	<b>Balance at 30 June 2021</b>
R Azer	48,685,253	-	48,685,253
E Byrt	25,779,481	-	25,779,481
D Attrias	-	-	-
V Rigano*	11,830,445	1,000,000	12,830,445
	<b>86,295,179</b>	<b>1,000,000</b>	<b>87,295,179</b>

# Papyrus Australia Ltd

ABN 63 110 868 409

(\*) During the year, Mr Rigano converted 1,000,000 options to shares.

## Directors' Report

30 June 2021

### REMUNERATION REPORT CONTINUED- AUDITED

#### DETAILS OF REMUNERATION CONTINUED

##### 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 2021 is \$0 (2020: \$39,462). As at 30 June 2021, the accrued interest of \$61,700 associated with the loan historically is still outstanding. The interest was agreed between the parties to be paid only when the group makes sufficient profit. This interest portion was presented in the financial statement of the Group within the 'Trade and other payables' a current liability.

The Company had unsecured loans with E Byrt, R Azer and V Rigano. The loans were 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 2021
R Azer	4,879	-
E Byrt	90	-
V Rigano	2,029	-

#### 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:

	<i>Directors' Meetings</i>		<i>Audit Committee</i>	
Number of meetings held	29		2	
Number of meetings attended:	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Edward Byrt	29	29	2	2
Mr Ramy Azer	29	16	2	-
Mr Steve Howe	19	17	-	-
Mr David Attrias	11	11	-	-
Mr Vincent Rigano	29	29	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 2020 was settled under a confidentiality agreement on 17 September 2020.

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

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Directors' Report**  
**30 June 2021**

**NON AUDIT SERVICES**

BDO Audit (SA) 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 2021 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 18.

Signed in accordance with a resolution of the directors.



Mr Ramy Azer Managing Director

Dated this 29<sup>th</sup> day of October 2021

**DECLARATION OF INDEPENDENCE  
BY ANDREW TICKLE  
TO THE DIRECTORS OF PAPYRUS AUSTRALIA LTD**

As lead auditor of Papyrus Australia for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Papyrus Australia Ltd and the entities it controlled during the period.



Andrew Tickle  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 29 October 2021

# Papyrus Australia Ltd

ABN 63 110 868 409

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		Consolidated Group	
		30 June 2021	30 June 2020 (restated)
		\$	\$
Other income	2 (a)	-	4,599
Share based payment expense		(36,856)	-
Consultancy expenses / Salaries and Wages		(149,483)	-
Employee benefits expenses	2 (b)	(18,963)	(1,890)
Loss on settlement of liabilities with entities own equity	10(a)	-	(115,436)
Other expenses	2 (c)	(311,680)	(250,612)
Finance Costs		-	(3,576)
Share of net profits of associate and joint venture	8	426,199	-
<b>Loss before income tax benefit</b>		<b>(90,783)</b>	<b>(366,915)</b>
Income tax benefit	3	-	-
<b>Loss for the period</b>		<b>(90,783)</b>	<b>(366,915)</b>
Other compressive income		-	-
<b>Total comprehensive income for the year</b>		<b>(90,783)</b>	<b>(366,915)</b>
Loss attributable to the parent		(90,783)	(366,915)
<b>Loss for the year</b>		<b>(90,783)</b>	<b>(366,915)</b>
Total comprehensive income attributable to the parent		(90,783)	(366,915)
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>(90,783)</b>	<b>(366,915)</b>
<b>Earnings per share:</b>		<i>Cents</i>	<i>Cents</i>
Basic earnings per share	4	(0.02)	(0.14)
Diluted earnings per share	4	(0.02)	(0.14)

The accompanying notes form part of these financial statements.

**Consolidated Statement of Financial Position**

For the Year Ended 30 June 2021

		<b>Consolidated Group</b>		
		<b>30 June 2021</b>	<b>30 June 2020 (restated)</b>	<b>30 June 2019 (restated)</b>
<b>Note</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>				
	Cash and cash equivalents	2,071,640	28,142	34,072
	Trade and other receivables	452,634	33	1,147
	Prepayment	9	260,000	-
	<b>TOTAL CURRENT ASSETS</b>	<b>2,524,283</b>	<b>288,175</b>	<b>35,219</b>
<b>NON-CURRENT ASSETS</b>				
	Property, plant and equipment	-	-	-
	Investments accounted for using the equity method	1,299,578	-	-
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,299,578</b>	<b>-</b>	<b>-</b>
	<b>TOTAL ASSETS</b>	<b>3,823,861</b>	<b>288,175</b>	<b>35,219</b>
<b>CURRENT LIABILITIES</b>				
	Trade and other payables	121,916	122,843	66,358
	Short-term borrowings	-	46,460	319,834
	Other current liabilities	-	-	-
	<b>TOTAL CURRENT LIABILITIES</b>	<b>121,916</b>	<b>169,303</b>	<b>386,192</b>
<b>NON-CURRENT LIABILITIES</b>				
	Other non-current liabilities	-	-	-
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL LIABILITIES</b>	<b>121,916</b>	<b>169,303</b>	<b>386,192</b>
	<b>NET ASSETS / (LIABILITIES)</b>	<b>3,701,945</b>	<b>118,872</b>	<b>(350,973)</b>
<b>EQUITY</b>				
	Issued capital	25,032,581	21,395,581	20,558,821
	Reserves	952,578	915,722	915,722
	Accumulated losses	(22,283,214)	(22,192,431)	(21,825,516)
	Total attributable to owners of parent	3,701,945	118,872	(350,973)
	<b>TOTAL EQUITY / (DEFICIT)</b>	<b>3,701,945</b>	<b>118,872</b>	<b>(350,973)</b>

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 2021**

	Note	Consolidated Group			Total \$
		Issued Capital \$	Retained Earnings/ (Accumulated losses) \$	Share Option Reserve \$	
<b>Balance at 1 July 2019 (Restated)</b>		20,558,821	(21,825,516)	915,722	(350,973)
<i>Comprehensive income</i>					
Loss for the year (Restated)		-	(366,915)	-	(366,915)
<b>Total comprehensive income for the period (restated)</b>		-	(366,915)	-	(366,915)
<i>transactions with owners, in their capacity as owners, and other transactions</i>					
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	<b>11</b>	836,760	-	-	836,760
<b>Balance at 30 June 2020 (Restated)</b>		21,395,581	(22,192,431)	915,722	118,872
<b>Balance at 1 July 2020 (Restated)</b>		21,395,581	(22,192,431)	915,722	118,872
<i>Comprehensive income</i>					
Loss for the year		-	(90,783)	-	(90,783)
<b>Total comprehensive income for the period</b>		-	(90,783)	-	(90,783)
<i>transactions with owners, in their capacity as owners, and other transactions</i>					
Shares Issued via exercise of options on 20 August 2020		30,000	-	-	30,000
Shares issued via private placement on 17 October 2020		132,900	-	-	132,900
Shares issued via exercise of options on 17 November 2020		230,000	-	-	230,000
Shares issued as a result of 2020 AGM resolution on 17 November 2020		367,100	-	-	367,100
Shares issued via private placement on 4 December 2020		735,000	-	-	735,000
Shares issued via private placement on 10 December 2020		2,142,000	-	-	2,142,000
Issue of Share options				36,856	36,856
Total transactions with owners and other transactions	<b>11</b>	3,637,000	-	36,856	3,673,856
<b>Balance at 30 June 2021 (Restated)</b>		25,032,581	(22,283,214)	952,578	3,701,945

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 2021

	Note	Consolidated Group	
		30 June 2021 \$	30 June 2020 (restated) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	4,599
Payments to suppliers and employees		(498,381)	(198,479)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>13</b>	<b>(498,381)</b>	<b>(193,880)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Prepayment for investment		-	(260,000)
Purchase of investment in equity accounting investments		(613,379)	
Loans made to joint venture entity		(449,232)	-
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>(1,062,611)</b>	<b>(260,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		3,637,000	447,131
Proceeds from borrowings		-	819
Repayment of borrowings		(32,510)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>3,604,490</b>	<b>447,950</b>
Net (decrease)/increase in cash and cash equivalents		2,043,498	(5,930)
Cash at the beginning of the financial year		28,142	34,072
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>5(a)</b>	<b>2,071,640</b>	<b>28,142</b>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

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 its 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 28 October 2021.

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) Prior Period Errors**

During the financial year ended 30 June 2021, the Directors formed the view that the BUV Plant which had previously been recognised as an asset had not been accounted for correctly in prior years. The Plant was transported to Egypt to the care of Egyptian Banana Fibre Company ('EBFC') in 2011 and at that point in time the Group had lost control of the machine and it should have been derecognised. As a consequence, the assets and associated Government grant income deferred, depreciation and grant income have been overstated. The error has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

**Notes to the Financial Statements**

For the Year Ended 30 June 2021

**1 Summary of Significant Accounting Policies (continued)**

**(b) Prior Period Errors (continued)**

i. Extract of consolidated statement of financial position

	30/06/2020			30/06/2019		
	Previously reported	Correction of error	Restated	Previously reported	Correction of error	Restated
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	91,034	(\$91,034)	-	200,948	(\$200,948)	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>91,034</b>	<b>(\$91,034)</b>	<b>-</b>	<b>200,948</b>	<b>(\$200,948)</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>91,034</b>	<b>(\$91,034)</b>	<b>-</b>	<b>200,948</b>	<b>(\$200,948)</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>						
Other current liabilities	-	-	-	233,180	(\$233,180)	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,180</b>	<b>(\$233,180)</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>						
Other non-current liabilities	88,546	(\$88,546)	-	198,460	(\$198,460)	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>88,546</b>	<b>(\$88,546)</b>	<b>-</b>	<b>198,460</b>	<b>(\$198,460)</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>88,546</b>	<b>(\$88,546)</b>	<b>-</b>	<b>431,640</b>	<b>(\$431,640)</b>	<b>-</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>2,488</b>	<b>(\$2,488)</b>	<b>-</b>	<b>230,692</b>	<b>230,692</b>	<b>-</b>
<b>EQUITY</b>						
Accumulated losses	(\$22,189,943)	(\$2,488)	(\$22,192,431)	(\$22,056,208)	\$230,692	(\$21,825,516)
<b>TOTAL EQUITY / (DEFICIT)</b>	<b>(\$22,189,943)</b>	<b>(\$2,488)</b>	<b>(\$22,192,431)</b>	<b>(\$22,056,208)</b>	<b>\$230,692</b>	<b>(\$21,825,516)</b>

**Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

**1 Summary of Significant Accounting Policies (continued)**

**(b) Prior Period Errors (continued)**

ii. Extract of consolidated statement of profit or loss and other comprehensive income

	<b>30/06/2020</b>		
	<b>Previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
Other Income	237,779	(\$233,180)	4,599
Grant income	109,914	(\$109,914)	-
Depreciation expense	(\$109,914)	109,914	-
Employee benefits expenses	(\$1,890)	-	(\$1,890)
Loss on settlement of liabilities with entities own equity	(\$115,436)	-	(\$115,436)
Other expenses	(\$250,612)	-	(\$250,612)
Finance Costs	(\$3,576)	-	(\$3,576)
<b>Loss before income tax benefit</b>	<b>(\$133,735)</b>	<b>(\$233,180)</b>	<b>(\$366,915)</b>
Income tax benefit	-		-
<b>Loss for the period</b>	<b>(\$133,735)</b>	<b>(\$233,180)</b>	<b>(\$366,915)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>(\$133,735)</b>	<b>(\$233,180)</b>	<b>(\$366,915)</b>

There is no material impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the years ended 30 June 2020 and 2019.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**

**For the Year Ended 30 June 2021**

**1 Summary of Significant Accounting Policies (continued)**

**(c) 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 17 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.

**(d) 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).

**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.

**(e) 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.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**1 Summary of Significant Accounting Policies (continued)**

**(f) 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.

**(g) 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.

**(h) 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.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**1 Summary of Significant Accounting Policies (continued)**

**(h) Income Tax (continued)**

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 utilised.

Unrecognised deferred income tax assets are reassessed at 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.

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.

**(i) 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.

**1 Summary of Significant Accounting Policies (continued)**

**(j) 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.

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

<b>Fixed asset class</b>	<b>Useful life</b>
Plant and Equipment	2.5 - 20 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.

**(k) 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.



**1 Summary of Significant Accounting Policies (continued)**

**(k) Financial instruments (continued)**

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.

**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.

**1 Summary of Significant Accounting Policies (continued)**

**(k) Financial instruments (continued)**

**(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.

**(l) 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.

**(m) 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.

**(n) 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.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**1 Summary of Significant Accounting Policies (continued)**

**(o) 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.

**(p) 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.

**(q) 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 2021.

**(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 2021.

**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

# Papyrus Australia Ltd

ABN 63 110 868 409

asset is determined.

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 1 Summary of Significant Accounting Policies (continued)

#### (s) Investment in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operational policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains or losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of the profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring to account policies in line with those of the Group.

#### (t) New Accounting Standards and Interpretations

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The Group has reviewed and assessed that none of these new accounting standards, used but not yet effective, are expected to have material impact on the group.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**2 REVENUE AND EXPENSES**

	Note	Consolidated Group	
		30 June 2021	30 June 2020 (restated)
		\$	\$
<b>REVENUE</b>			
<i>(a) Other income</i>			
Other income		-	4,599
		-	4,599
<b>EXPENSES</b>			
<i>(b) Employee benefit expenses</i>			
Wages, salaries and other remuneration expenses		<b>18,963</b>	1,890
Total employee benefit expenses		<b>18,963</b>	1,890
<i>(c) Other expenses</i>			
Audit and accounting fees		<b>59,997</b>	40,260
Legal fees		<b>35,017</b>	117,847
Professional services		<b>57,292</b>	6,430
Travel and accommodation		<b>28,746</b>	10,000
Governance and secretarial costs		<b>6,080</b>	6,300
Intellectual property expenses		<b>11,395</b>	-
Information technology		<b>6,300</b>	-
Share registry and ASX expenses		<b>101,141</b>	52,352
Other expenses		<b>5,712</b>	17,423
		<b>311,680</b>	250,612

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**3 Income Tax Expense**

The major components of tax expense (income) comprise:

	Consolidated Group	
	30 June 2021	30 June 2020 (restated)
	\$	\$
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	<b>(90,783)</b>	(366,915)
At the Group's income tax rate of 26% (2020: 27.5%)	<b>(23,603)</b>	(100,902)
Share-based payments expensed during the year	<b>9,583</b>	
Expenditure not allowable for income tax purposes	<b>489</b>	-
Tax losses not recognised due to not meeting recognition criteria	<b>13,531</b>	100,902
	-	-

The Group has tax losses arising in Australia of \$12,767,269 (2020: \$12,715,227).

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.

**4 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 2021 or 2020.

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	
	2021	2020 (restated)
	\$	\$
Net loss attributable to ordinary equity holders of the parent	<b>(90,783)</b>	(366,915)

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**4 Earnings per Share (continued)**

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

	2021	2020 (restated)
Weighted average number of ordinary shares for basic earnings per share	382,482,257	263,566,458
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	382,482,257	263,566,458

<b>5 Cash and cash equivalents</b>		<b>Consolidated Group</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
Cash at bank and in hand		2,071,640	28,142
	5(a)	2,071,640	28,142

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		2,071,640	28,142
		2,071,640	28,142

<b>6 Trade and other receivables</b>		<b>Consolidated Group</b>	
		<b>2021</b>	<b>2020</b>
			<b>(restated)</b>
		<b>\$</b>	<b>\$</b>
CURRENT			
Other receivables		449,273	-
GST recoverable		3,361	33
		452,634	33

Other Receivable represent receivable from Papyrus Egypt, this amount is interest free and repayable on demand.

<b>7 Prepayments</b>		<b>Consolidated Group</b>	
		<b>2021</b>	<b>2020</b>
			<b>(restated)</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Prepayment for the investment in equity in Egypt Banana Fibre Company and Papyrus Egypt		9	260,000
Total		9	260,000

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**8 Investments accounted for using the equity method**

Name	Classification	Place of Business/ Incorporation	Proportion of Ordinary Share Interests/ Participating Shares		Measurement Method	Carrying amount	
			2021	2020		2021	2020
Egyptian Banana Fibre Company	Associate	Sohag, Egypt	25.46%	-	Equity method	1,299,578	-
Papyrus Egypt	Joint Venture	Sohag, Egypt	50%	-	Equity method	-	-

Effective on 1 July 2020, Papyrus Australia Limited relinquished its entitlement to licencing fees and royalties in Papyrus Egypt in consideration for the reacquisition of 50% equity in Papyrus Egypt from Egyptian Banana Fibre Company. The Company also completed the transaction for the purchase of 13.11% equity in Egyptian Banana Fibre Company for a consideration of \$319,202 (EGP \$3,306,055), which resulted in an indirect interest in Papyrus Egypt by 6.56%.

During the year, the Group progressively acquired in total, additional 12.35% shareholding in Egyptian Banana Fibre Company for a consideration of \$554,177. The goodwill balance relating to these transactions were included in the carrying amount of the investment.

As a result of the above transaction, Papyrus Egypt is a joint arrangement that is structured as an incorporated entity (company) with two principal shareholders, Papyrus Australia Limited and Egyptian Banana Fibre Company. The primary purpose of the company is to operate the factory in Sohag, Egypt with Papyrus technology and explore Egypt and the Middle East market. The Group's intention is to acquire further shareholding in Egyptian Banana Fibre Company in the future to gain control over Papyrus Egypt. The Group has 50% economic interest in Papyrus Egypt and 50% of the voting rights in relation to the joint venture.

In the Group's half-year report for the period ended 31 December 2020, the Group had provisionally accounted for acquisition of its interest in Papyrus Egypt as a business combination within the scope of AASB 3 Business Combinations on the preliminary assessment that due to the total shareholding, direct and indirectly, of over 50%, the Group had control of Papyrus Egypt. The Group also adopted a 'see-through' accounting approach in relation to Egyptian Banana Fibre Company as this is purely a holding company that holds investment in Papyrus Egypt.

During the preparation of the accounts for the full year ended 30 June 2021, the Group revisited this assessment and concluded that the Group has joint control, not control in relation to Papyrus Egypt with the other party sharing the joint control being Egyptian Banana Fibre Company. As a result, Papyrus Egypt should have been accounted for using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures rather than the acquisition method under AASB 3 Business Combinations.

The impacts of this re-assessment on the half-year accounts are as follow:



**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**8 Investments accounted for using the equity method (Continued)**

*The impact on the reported statement of profit or loss and other comprehensive income*

	Reported 31 December 2020 \$	Adjustments	Restated Half-year ended 31 December 2020
Revenue from operating activities	197,899	(197,899)	-
Costs of sales	(73,729)	73,729	-
Gross profits	124,170	(124,170)	-
Other income [*]	88,545	(88,545)	-
Gain on bargain purchase of Papyrus Egypt	455,577	(455,577)	-
Depreciation expenses	(21,508)	21,508	-
Consultancy expense	(186,740)	9,848	(176,892)
Share based payment expense - director options	(15,000)	-	(15,000)
Finance costs	(287)	-	(287)
Legal fees	(25,542)	-	(25,542)
Other expenses [*]	(238,680)	110,458	(128,222)
Share of net profit of associate and joint venture	-	631,298	631,298
Profit/ (loss) before income tax benefit	180,535	104,820	285,355
Income tax expense	-	-	-
Profit/ (loss) for the period	180,535	104,820	285,355
Other comprehensive Income	(4,197)	4,197	-
Total comprehensive income for the period	176,338		
Profit/(loss) attributable to the parent	148,835	136,520	285,355
Profit/(loss attributable to non-controlling interest	31,700	(31,700)	-
Total comprehensive income attributable to the parent	144,638	140,717	285,355
Total comprehensive income attributable to non-controlling interest	31,700	(31,700)	-

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**8 Investments accounted for using the equity method (Continued)**

*The impact on the reported statement of financial position:*

	Reported 31 December 2020 \$	Adjustments	Restated Half-year ended 31 December 2020
<b>Current assets</b>			
Cash and cash equivalents	3,308,344	(143,632)	3,164,712
Trade and other receivables	145,895	62,536	208,431
Inventories	113,099	(113,099)	-
Prepayments	13,688	(13,688)	-
<b>Total current assets</b>	<b>3,581,026</b>	<b>(207,883)</b>	<b>3,373,143</b>
<b>Non-current assets</b>			
Property, plant and equipment	1,373,336	(1,373,336)	-
Other financial assets	413	(413)	-
Investments accounted for using the equity method	-	950,500	950,500
<b>Total non-current assets</b>	<b>1,373,749</b>	<b>(423,249)</b>	<b>950,500</b>
<b>Total assets</b>	<b>4,954,775</b>	<b>(631,131)</b>	<b>4,323,644</b>
<b>Current Liabilities</b>			
Trade and other payables	118,249	(13,809)	104,440
<b>Total current liabilities</b>	<b>118,249</b>	<b>(13,809)</b>	<b>104,440</b>
<b>Non-Current liabilities</b>			
	-	-	-
<b>Total Liabilities</b>	<b>118,249</b>	<b>(13,809)</b>	<b>104,440</b>
<b>Net Assets</b>	<b>4,836,526</b>	<b>(617,322)</b>	<b>4,219,204</b>
<b>Equity</b>			
Issued capital	25,190,581	-	25,190,581
Reserves	926,525	4,197	930,722
Accumulated losses [*]	(22,041,108)	139,009	(21,902,099)
<b>Total equity attributed to owners of the parent</b>	<b>4,075,998</b>	<b>143,206</b>	<b>4,219,204</b>
Equity attributable to non-controlling interests	760,528	(760,528)	-
<b>Total Equity</b>	<b>4,836,526</b>	<b>(617,322)</b>	<b>4,219,204</b>

[\*] - The adjustment impacts included the effect of prior period errors as disclosed at Note 1(b).

Furthermore, the group's share of the net fair value of the Papyrus Egypt's identifiable assets and liabilities at the date it became a joint venture have been restated as below:

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**8 Investments accounted for using the equity method (Continued)**

	Reported 31 December 2020 \$	Adjustments	Restated Half-year ended 31 December 2020
Cash and cash equivalents	210,855	(208,500)	2,355
Inventories	123,128	(112,153)	10,975
Trade receivables	-	5,133	5,133
Prepayments	14,902	(14,454)	448
Property, plant and equipment	1,517,199	319,720	1,836,919
Other financial assets	449	(449)	-
Trade and other payables	(502,654)	289,252	(213,402)
Net assets acquired	1,363,879	278,548	1,642,427
Group's share of net fair value	774,779	154,096	928,875
Cost of investment	319,202	-	319,202
Excess of the Group's share of the net fair value of the association and joint venture's identifiable assets and liabilities over the cost of investment	455,577	154,096	609,673

The above excess was included as income in the determination of the Group's share of the associate and joint venture's profit or loss during the year when the investment was acquired.

During the year, the Group progressively acquired in total, additional 12.35% shareholding in Egyptian Banana Fibre Company for a consideration of \$554,177. The goodwill balance relating to these transactions were included in the carrying amount of the investment.

**Summarised Financial Information of Joint Venture**

Set out below is the summarised financial information for Papyrus Egypt. Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian Accounting Standards financial statement of Papyrus Egypt. The following summarised financial information, however reflects the adjustments made by the Group when applying the equity method.

Papyrus Egypt applied to change the financial year end from 31 December to 30 June during the year, and as such has the same financial year-end as Papyrus Australia limited as at the reporting date.

**Summarised Financial Position**

	30 June 2021 \$
Cash and cash equivalents	177,564
Total current assets	256,984
Total non-current assets	1,663,417
Current financial liabilities (excluding trade and other payables, and provisions)	558,817
Total current liabilities	558,817
Non-current financial liabilities (excluding trade and other payables and provisions)	-
Total non-current liabilities	-
Net assets	1,361,584
Group's share (%)	
Direct shareholding	50.00%
Indirect shareholding	12.73%
Group share of joint venture's net assets	854,108

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**8 Investments accounted for using the equity method (Continued)**

**Summarised financial performance**

	30 June 2021 \$
Revenue	201,341
Depreciation	78,561
Loss for the year before income tax	(292,486)
Income tax expense	-
Loss for the year	(292,486)
Other comprehensive income	-
Total comprehensive income	(292,486)
Group's share (%)	
Direct shareholding	50.00%
Indirect shareholding	12.73%
Group share of joint venture's net assets	(183,474)
<b>Reconciliation to Carrying Amounts</b>	
Investments during the year	873,379
Excess of the entity's shares of net fair value of investee's identifiable assets and liabilities at transaction date	609,673
Share of the JV for the year	(183,474)
Closing carrying amount of investment	1,299,578
Group's share of joint venture's closing net assets	854,108
Goodwill included in carrying amount of investment	445,470

**9 Trade and other payables**

			<b>Consolidated Group</b>	
			<b>2021</b>	<b>2020</b>
				<b>(restated)</b>
			<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		<b>Note</b>		
Trade payables		9 (a)	<b>3,224</b>	15,699
Sundry payables and accrued expenses		9 (b)	<b>118,693</b>	107,144
			<b>121,917</b>	122,843

**(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 18.

**(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 ( Refer Note 10(a)).

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**10 Borrowings**

CURRENT			
Unsecured liabilities			
Other loans	10(a)	-	46,460
Total unsecured liabilities		-	46,460

**(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 2021: \$0 (2020: \$39,462). 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.

In addition, the Company has unsecured loans as at 30 June 2021: \$0 (2020: \$90) with E Byrt, \$0 (2020: \$2,029) with V Rigano and with R Azer \$0 (2020: \$4,879).

In prior year, the Company issued 19,481,400 ordinary shares on 12 December 2019 to settle an unsecured amount of \$274,193 provided by Talisker. The fair value of the equity instrument issued was \$389,629 which resulted in a loss of \$115,436 recognised in the profit or loss upon the settlement.

**11 Issued capital**

427,771,666 fully paid ordinary shares (2020: 299,343,999)			<b>25,032,561</b>	21,395,581
<b>Total issued capital</b>			<b>25,032,561</b>	21,395,581

<b>(a) Ordinary shares</b>				
		<b>Consolidated</b>		
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
			<b>(restated)</b>	<b>(restated)</b>
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
At the beginning of the reporting period	<b>299,343,999</b>	<b>21,395,581</b>	235,149,515	20,558,821
Issued via exercise of options 20 August 2020	<b>3,000,000</b>	<b>30,000</b>	<b>3,500,000</b>	<b>35,000</b>
Issued pursuant to private placement 21 October 2020	<b>11,075,000</b>	<b>132,900</b>	-	-
Issued via exercise of options 17 November 2020	<b>23,000,000</b>	<b>230,000</b>	-	-
Issued pursuant to AGM resolution 17 November 2020	<b>30,591,667</b>	<b>367,100</b>	19,481,400	389,629
issued pursuant to private placement 4 December 2020	<b>14,700,000</b>	<b>735,000</b>	6,000,000	60,000
Issued pursuant via exercise of options	-	-	5,213,084	52,131
Issued pursuant to private placement	-	-	10,000,000	100,000
Shares issued pursuant to private placement on 10 December 2020	<b>46,000,000</b>	<b>2,142,000</b>	20,000,000	200,000
At the end of the reporting period	<b>427,771,666</b>	<b>25,032,581</b>	299,343,999	21,395,581

On 20 August 2020, the Company announced it had entered into agreements with new and certain existing shareholders to raise \$30,000 by way of a placement of 3,000,000 ordinary fully paid shares at a price of \$0.01 per new share, and the Company announced the placement was completed.

On 21 October 2020, the Company announced that it had entered into agreements with new and certain existing shareholders to raise \$132,900 by way of a placement of 11,075,000 ordinary fully paid shares at a price of \$0.012 per new share, and the Company announced the placement was complete

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**11 Issued capital (continued)**

On 17 November 2020, the Company announced that it had raised \$230,000 by way of a conversion of 23,000,000 options to ordinary fully paid shares at a price of \$0.01 per new share, and the Company announced the conversion was completed, this includes 2,000,000 unlisted options was issued on 24 June 2019 and 21,000,000 unlisted options issued on 17 November 2021.

On 17 November 2020, the Company announced that in accordance with the resolution adopted at the AGM held on 11 November 2020, It had raised \$367,100 by way of a placement of 30,591,667 ordinary fully paid shares at a price of \$0.012 per new share, and the Company announced the placement was completed.

On 4 December 2020, the Company announced that it intended to raise \$3,000,000 from sophisticated investors via a private placement, at a share price of \$0.05 cents per share. It also announced that it had received the initial tranche of the investment which amounted to \$700,000, for the issue of 14,000,000 ordinary fully paid share plus the issue of 700,000 ordinary fully paid shares at \$0.05 cents per share as commission for the initial tranche.

On 10 December 2020, the Company announced that it had received the final tranche of \$2,300,000 for the issue of 46,000,000 ordinary fully paid shares at \$0.05 cents per share, and the Company announced the placement was completed. Total transaction cost of \$158,000 has been debited against the associated share capital raised.

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. Via a poll at meetings of the Group, each holder of ordinary shares has one vote per share held in person.

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.

**(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 plant and equipment requirements, research and development activities and fund operating costs.

**12 Reserves**

	Note	Consolidated Group	
		2021	2020 (restated)
		\$	\$
<b>Share Option Reserve</b>			
Balance at beginning of financial year		<b>915,722</b>	915,722
Share based payments	12(a)	<b>36,856</b>	-
Balance at end of the year		<b>952,578</b>	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 15 for further details of these plans. There was \$36,856 share based options were issued to employees or directors during the current year.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**13 Reconciliation of net loss after tax to net cash flows from operations**

	<b>Consolidated Group</b>	
	<b>2021</b>	<b>2020</b>
		<b>(restated)</b>
	<b>\$</b>	<b>\$</b>
Net loss	<b>(90,783)</b>	(366,915)
Non-cash flow in loss:		
- Share-based payment expense	<b>36,856</b>	-
- Loss on settlement of liabilities with entities own equity	-	115,436
- Share of net profit of associate & joint venture	<b>(426,199)</b>	-
Changes in assets and liabilities		
- Decrease/(Increase) in trade and other receivables	<b>(3,377)</b>	(1,180)
- Decrease/(Increase) in trade and other payables	<b>(14,878)</b>	58,779
- Increase/(Decrease) in other current liabilities	-	-
- Increase/(Decrease) in other non-current liabilities	-	-
<b>Net cash (used in)/provided by operating activities</b>	<b>(498,381)</b>	(193,880)

**14 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.
- 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.
- 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

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**14 Share based payments (continued)**

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:

2021 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	2,000,000	-	(2,000,000)	-	-	-
0.05	-	750,000	-	-	750,000	750,000
0.015	-	41,666,667 (*)	-	-	41,666,667	41,666,667
0.20	-	250,000	-	-	250,000	-
0.40	-	250,000	-	-	250,000	-
	2,000,000	42,916,667	(2,000,000)	-	42,916,667	42,416,667
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

(\*) This is unlisted option issued for the investors as part of the November capital raising, and as such this is not share-based payment within the scope of AASB 2.

The weighted average remaining contractual life of options outstanding at year end was 2.94 years (2020: 1.98 years).

The range of weighted average exercise prices for options outstanding at the end of the year was \$0.02 (2020: \$0.01)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free rate	Fair value at grant date
11 November 2020	11 November 2022	\$0.057	\$0.05	178.3%	2.5%	\$0.04622
2 May 2021	4 May 2026	\$0.039	\$0.02	174.9%	2.5%	\$0.0355
2 May 2021	4 May 2026	\$0.039	\$0.04	168%	2.5%	\$0.0343

**15 Contingencies**

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2021.

In prior year, a claim had been raised against the Group. This claim has been settled during the financial year 2021.



**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**16 Remuneration of Auditors**

During the financial year the following fees paid or payable for services provided by the Group's auditors and their network firms:

	<b>Consolidated Group</b>	
	<b>2021</b>	<b>2020</b>
		<b>(restated)</b>
	<b>\$</b>	<b>\$</b>
<b>Grant Thornton Audit Pty Ltd</b>		
Fee for the audit and review of the financial report as at 30 June 2020	-	40,260
Fee for the audit and review of the financial report as at 31 December 2020	<b>17,300</b>	-
<b>BDO Audit (SA) Pty Ltd</b>		
Fee for the audit and review of the financial report as at 30 June 2021	<b>32,500</b>	
<b>BDO Khaled &amp; Co (BDO network firm)</b>		
Audit of Component financials	<b>12,666</b>	
Total remuneration of auditors	<b>62,466</b>	40,260

No non- audit services have been provided.

**17 Interest in Controlled Entities and Joint Ventures**

	<b>Principal place of business / country of incorporation</b>	<b>Ownership Interest</b>	
		<b>2021</b>	<b>2020</b>
<b>Name of entity</b>		<b>%</b>	<b>%</b>
<b>Parent entity</b>			
Papyrus Australia Ltd (a)	Australia		
<b>Subsidiaries</b>			
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
Yellow Pallet B.V.	The Netherlands	50	50
<b>Joint Venture</b>			
Papyrus Egypt LLC	Egypt	50	0
<b>Associate</b>			
Egypt Banana Fibre Company	Egypt	25.46%	0

\*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.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**18 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:

		<b>Consolidated Group</b>	
		<b>2021</b>	<b>2020</b>
		<b>(restated)</b>	
<b>Note</b>		<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
Cash and cash equivalents	5	<b>2,071,640</b>	28,142
Trade and Other receivables	6	<b>452,634</b>	-
<b>Total financial assets</b>		<b>2,524,274</b>	28,142
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables	9	<b>121,917</b>	122,843
Borrowings	10	-	46,460
<b>Total financial liabilities</b>		<b>121,917</b>	169,303
<b>Credit risk</b>			

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.

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**18 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	
	2021 %	2020 %	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
<b>Financial Liabilities:</b>								
Borrowings	<b>3.00</b>	3.00	-	-	-	46,460	-	46,460

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.

**19 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 2021: \$0 (2020: \$39,462). 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 \$39,462 provided by Talisker was settled by the Company on 14 December 2020. As at 30 June 2021, the accrued interest of \$61,700 associated with the loan historically is still outstanding. The interest was agreed between the parties to be paid only when the group makes sufficient profit. This interest portion was presented in the financial statement of the Group within the 'Trade and other payables' a current liability as disclosed at note 9(b).

In addition, the Company has unsecured loans as at 30 June 2021: \$0 (2020: \$90) with E Byrt, \$0 (2020: \$2,029) with V Rigano and with R Azer \$0 (2020: \$4,879) were settled by the Company on) 14 December 20

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 19 Related Parties (continued)

#### (a) Transactions with related parties (continued)

- The Company had an unsecured loan provided by E Byrt. The loan was unsecured and was interest free and was repaid on 14 December 2020. The balance of the loan at 30 June 2021 is \$0 (2020: \$90).
- The Company had an unsecured loan provided by V Rigano. The loan was unsecured and was interest free and was repaid on 14 December 2020. The balance of the loan at 30 June 2021 is \$0 (2020: \$2,029).
- The Company had an unsecured loan provided by R Azer. The loan was unsecured and was interest free and was repaid on 14 December 2020. The balance of the loan at 30 June 2021 is \$0 (2001: \$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.

### 20 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 David Attrias - Non-Executive Director

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

Mr Peter Rostig – Manager Engineering & Business Development

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2021**

**20 Key Management Personnel Disclosures (continued)**

**Totals of remuneration paid**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Short- term employee benefits</b>	163,151	-
<b>Post-employment benefits</b>	1,645	-
<b>Share based payments</b>	36,856	-
<b>Total remuneration paid to key management personnel</b>	<b>201,652</b>	<b>-</b>

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 2021.

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 19: Related Parties.

**21 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,

	<b>2021</b>	<b>2020</b>
		<b>(restated)</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of Financial position</b>		
Assets		
Current assets	<b>2,524,283</b>	288,175
Non-current assets	<b>1,299,578</b>	-
Total Assets	<b>3,823,861</b>	288,175
Liabilities		
Current Liabilities	<b>121,917</b>	169,303
Non-current liabilities	-	-
Total liabilities	<b>121,917</b>	169,303
Equity		
Issued capital	<b>25,032,581</b>	21,395,581
Accumulated losses	<b>(22,192,431)</b>	(22,192,431)
Reserves	<b>952,578</b>	915,722
Total equity (deficit)	<b>3,792,727</b>	118,872
<b>Statement of Profit or Loss and other Comprehensive Income</b>		
Total loss for the year	<b>(90,783)</b>	(366,915)
Other comprehensive loss	-	-
<b>Total comprehensive loss</b>	<b>(90,783)</b>	(366,915)

**Notes to the Financial Statements**  
For the Year Ended 30 June 2021

**21 Parent entity (continued)**

**Contingent liabilities**

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 15. 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 2021 (30 June 2020: nil).

**22 Matters subsequent to the end of the Financial year**

On 30 August 2021 the Company entered into a deed with Sydney based BPE Investments Pty Ltd and Union Pacific Investments Pty Ltd to promote the Company to potential users of its environmentally friendly technology, improve the Company's opportunities and profile in Australia and internationally and increase value to shareholders. As a result of the deed execution, the Company issued 20,000,000 unlisted options at a purchase price of \$0.0005, exercisable at \$0.06 per option, and expiring in 12 months from the date of issue.

The Company lodged an Australian patent application for its innovative banana fibre production process which produces a cost-efficient environmentally friendly fibre ideal for use in moulded food packaging products (ASX announcement 22 September 2021). This Australian patent application is an important first step in the Company acquiring broad-ranging international patent protection for this state-of-the-art zero waste process. The significant commercial value of this process was recently proven in a series of trials in which the Company successfully produced commercial quantities of high-quality biodegradable moulded food packaging using off-the-shelf moulding machines.'

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 2021 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 29<sup>th</sup> day of October 2021

## 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 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### 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. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Prior period errors

Key audit matter	How the matter was addressed in our audit
<p>The financial report of the Group for the year ended 30 June 2020 included a balance of \$91,034 property, plant and equipment (2019: \$200,948) and a balance of \$88,456 other liabilities (2019: \$198,460) being government grants received in advance.</p> <p>During the financial year ended 30 June 2021, the directors formed the view that the aforementioned balances had not been accounted for appropriately in the prior years. As such, the errors have been corrected by restating each of the affected financial statement lines for prior periods as disclosed in Note 1(a) to the accounts. We considered this to be a key audit matter as the amount of errors were material and involved a degree of complexity and management judgments.</p>	<p>Our audit procedures to address the matter included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating management’s assessment of accounting treatments in prior years and the correction of the errors in this period;</li> <li>• Obtaining and reviewing relevant contracts and agreements associated with these balances to determine the appropriate accounting treatment; and</li> <li>• Assessing the appropriateness and accuracy of the disclosures to the financial statements in accordance with the applicable Accounting Standards.</li> </ul>

## Acquisition of investments in Papyrus Egypt (‘PPYEg’) and Egyptian Banana Fibre Company (‘EBFC’)

Key audit matter	How the matter was addressed in our audit
<p>On 1 July 2020, the Group relinquished its entitlement to licencing fees and royalties in PPYEg in consideration for the reacquisition of 50% equity in PPYEg from EBFC. As part of this negotiation, the Group also acquired 13.1% shareholding in EBFC for \$319,202.</p> <p>During the year the Group progressively acquired an additional 12.35% shareholding in EBFC for a consideration of \$554,177.</p> <p>In the half year report for the period ended 31 December 2020, the Group had provisionally accounted for acquisition of its interest in PPYEg as a business combination within the scope of AASB 3 <i>Business Combinations</i>.</p> <p>During the preparation of the accounts for the full year ended 30 June 2021, the Group revisited this assessment and have concluded that the Group and EBFC have joint control of PPYEg. As a result, the Group accounted for its investments in PPYEg and EBFC using the equity method in accordance with AASB 128 <i>Investments in Associates and Joint Ventures</i> accordingly.</p> <p>This is a key audit matter as the transactions and its consequential accounting are non-routine, complex and involved significant management judgment.</p>	<p>Our audit procedures to address the matter included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewing investment and shareholder documents;</li> <li>• Confirming the Group’s interest in each investee entity;</li> <li>• Evaluating the Group’s accounting for the its investments for consistency with Australian Accounting Standards, including the appropriateness of the equity accounting method and the determination of the Group’s shares of the net fair value of the investee’s identifiable assets and liabilities at initial and subsequent investment dates ;</li> <li>• Undertaking audit work on the results and positions of the investees for the purpose of the audit of the Group, assessing the accounting policies of investees’ for consistency with group’s accounting policies;</li> <li>• Evaluating whether there exists any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment; and</li> <li>• Assessing the appropriateness and accuracy of the disclosures to the financial statements in accordance with the applicable Accounting Standards.</li> </ul>



#### **Other matter**

The financial report of Papyrus Australia Ltd, for the year ended 30 June 2020 was audited by another auditor who expressed an unmodified opinion on that report on 30 September 2020.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the 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 ability of the group 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 has 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 (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/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 included in pages 13 to 16 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Papyrus Australia Ltd, for the year ended 30 June 2021, 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.

A handwritten signature in blue ink that reads 'BDO'.

**BDO Audit (SA) Pty Ltd**

A handwritten signature in blue ink that reads 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 29 October 2021