

**Papyrus Australia Ltd**  
ABN 63 110 868 409

# **Papyrus Australia Ltd**

ABN 63 110 868 409

## **Annual Financial Report**

**For the Year Ended 30 June 2018**

	<b>Page</b>
<b>Consolidated Financial Statements</b>	
Corporate Information	1
Corporate Governance Statement	2
Directors' Report	8
Auditors Independence Declaration	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20
Directors' Declaration	44
Independent Auditor's Report	45

## **Corporate Information**

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

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 8 to 14.

### **Directors**

Mr Edward Byrt (Chairman)  
Mr Ramy Azer (Managing Director)  
Mr Vincent Peter Rigano  
Mr Andrew Ford

### **Company Secretary**

Mr Vincent Peter Rigano

### **Registered Office**

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

### **Principal place of business**

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

### **Share Registry**

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

### **Auditors**

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

## **Corporate Governance Statement**

### **30 June 2018**

#### **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.papirusaustralia.com.au/>

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd 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 3rd Edition Recommendations (unless otherwise stated).

#### **Principle 1: Lay solid foundations for management and oversight**

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

The responsibilities of the Board include:

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

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

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

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

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

## Corporate Governance Statement

30 June 2018

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

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

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

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

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

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

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

### Principle 2: Structure the board to add value

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

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

Area	Competence
<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

## **Corporate Governance Statement**

### **30 June 2018**

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 Vincent Rigano, Non-Executive Director/Company Secretary, Mr Andrew Ford, Non-Executive Director.

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 Vincent Rigano and Mr Andrew Ford are Non-Executive Directors and have no other material relationships with the Group other than their directorships. The Group therefore has two independent directors during the year as those relationships are defined.

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

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

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

#### **Principle 3: Act ethically and responsibly**

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

## **Corporate Governance Statement**

### **30 June 2018**

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

#### **Principle 4: Safeguard integrity in corporate reporting**

##### *Audit Committee (the Committee)*

The Committee consists of the following directors:

Mr Vincent Rigano (Committee Chair) (Non-Executive Director) Mr Edward Byrt (Non-Executive Chairman)  
Mr Andrew Ford (Non-Executive Director) Ramy Azer (Managing Director)

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

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

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

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

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

The Chairman and Company Secretary have certified to the Board that the financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects. This declaration is provided to the Board before it approves the Company's financial statements for a financial period, and declares that in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give 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. Grant Thornton Audit Pty Ltd ('Grant Thornton') was appointed as the external auditor at the Company's AGM in 2012. It is Grant Thornton's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions.

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

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

#### **Principle 5: Make timely and balanced disclosure**

##### *Continuous disclosure*

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

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

## **Corporate Governance Statement**

### **30 June 2018**

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

##### *Investors relations and member participation*

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

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

The Company aims to promote effective communication to and from shareholders. At this time Members of the Company cannot register to receive email notifications when an announcement is made by the Company to the ASX, which is a departure from recommendation 6.4 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 2018**

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 or drilling results 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. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

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

## **Directors' Report**

### **30 June 2018**

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 2018.

#### **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 Vincent Peter Rigano, Non-Executive Director  
Mr Andrew Ford, Non-Executive Director

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

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

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

#### **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.

#### **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.

#### **Andrew Ford, B Arch (Non-Executive Director)**

Andy Ford retired Woods Bagot Director, is one of the leading design principals in Australia. His proven creative, technical and professional abilities in architecture and interior design are matched by an outstanding and appreciation of commercial realities: he is both designer and manager, professional and businessman.

Recognized as a skilled leader and manager of multi-disciplinary teams, Andy's strategic expertise was utilized on major and special projects in Australia, Asia, Middle East, North America and Europe.

Andy has been a director of the South Australian Motor Sport Board since September 2001 and was appointed Chairman in October 2011. He is also a member of the Company's Audit Committee.

## **Directors' Report**

### **30 June 2018**

#### **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 \$125,374 (2017: \$129,664).

#### **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:

	<b>Number of Ordinary Shares</b>	<b>Number of Options over Ordinary Shares</b>
Mr Edward Byrt	24,049,481	3,392,884
Mr Ramy Azer	29,203,853	-
Mr Vincent Peter Rigano	8,010,245	4,270,200
Mr Andrew Ford	1,046,090	750,000

#### **DIVIDENDS**

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

#### **OPERATIONS REVIEW**

The Company's activities for the financial year 2017/2018 were primarily focused on supporting the Managing Director in Egypt, managing its scarce working capital, and selectively managing the intellectual property portfolio.

The Company maintains its commercialisation strategy to be a technology licensing company assisting suitable entities to establish banana veneering and fibre production factories in locations worldwide where bananas are grown, validated by the successful project in Egypt.

The plan is that the Company's revenue will be generated from technology licensing fees, machinery sales, support services and dividends from any joint venture undertaken starting with the project in Egypt. The Company believes that by partnering with others to demonstrate the technology and its applications is the most prudent way forward and we are regularly responding to such enquiries.

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

The Annual General Meeting of the Company was held on 29 November 2017, where the Chairman gave a comprehensive review of the Company's operations and strategic activities.

In summary, the financial year 2017/2018 has been challenging and frustrating but rewarding in regard to the progress made in Egypt.

The significant challenge was to maintain all requisite corporate obligations on a very limited budget for which we thank some dedicated shareholders.

## **Directors' Report**

### **30 June 2018**

#### **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 2018.

#### **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**

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

#### **Shares under option**

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

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2017	Net Issued/ (Exercised or expired) during year	Balance at 30 June 2018
14/10/2015	14/10/2018	\$0.05	1,500,000	-	1,500,000
22/06/2016	27/06/2018	\$0.05	750,000	(750,000)	-
27/06/2017	27/06/2018	\$0.01	3,000,000	(3,000,000)	-
27/01/2018	27/01/2019	\$0.01	3,200,000	(500,000)	2,700,000
19/12/2017	18/12/2019	\$0.01	-	6,213,086	6,213,086
30/08/2017	30/08/2019	\$0.01	-	3,000,000	3,000,000
18/05/2018	18/05/2020	\$0.01	-	3,000,000	3,000,000
			8,450,000	7,963,086	16,413,086

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

As a result of the exercise of option, 1,500,000 shares were issued on 27/12/2017, 2,000,000 shares were issued on the 23/02/2018 and a further 1,000,000 shares were issued on the 27/05/18. (2,000,000 options were exercised during 2017 financial year).

#### **Options Expired**

750,000 options expired during the year.

#### **New options issued**

12,213,086 new options were issued during the year.

#### **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of \$24,955 (2017: \$21,045). 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.

## **Directors' Report**

**30 June 2018**

### **REMUNERATION REPORT - AUDITED**

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

#### **Remuneration philosophy**

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

#### **Employment contracts**

The employment conditions of the Managing Director, Mr Ramy Azer, are formalised in a services contract between his related entity Talisker (SA) Pty Ltd and Papyrus Australia Ltd and his fee is \$300,000 per annum (exclusive of GST). The Company may terminate the services contract without cause by providing one (1) month's written notice or making payment in lieu of notice, based on the annual fee. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. It is however noted that during the 2018 financial year, Mr Azer has agreed to forgo any remuneration due to the available working capital of the Company.

#### **Key management personnel remuneration and equity holdings**

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

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

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

Non-executive Directors' fees are determined within an aggregate director's fee pool limit, which is periodically recommended for approval by shareholders. The pool does not include the remuneration payable to the Managing Director Mr Ramy Azer. The maximum currently stands at \$350,000 per annum and was approved by shareholders prior to the Company listing in April 2005. It should be noted that the directors have not received any remuneration during the 2018 financial year.

**Directors' Report**  
**30 June 2018**

**REMUNERATION REPORT CONTINUED- AUDITED**

**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.

**VOTING AND COMMENTS MADE AT THE COMPANY'S 2017 ANNUAL GENERAL MEETING**

Papyrus Australia Ltd's motion in relation to the approval of 2017 remuneration report passed with a vote total of more than 95%. The Company did not receive any specific feedback at the AGM on its remuneration report.

**Table 1: Director remuneration for the year ended 30 June 2018 and 30 June 2017**

	<b>Primary Benefits</b>	<b>Post Employment</b>	<b>Share-based Payments</b>	<b>Total</b>
	Salary & Fees \$	Superannuation \$	Options \$	\$
Mr Edward Byrt				
2018	-	-	-	-
2017	-	-	-	-
Mr Ramy Azer				
2018	-	-	-	-
2017	-	-	-	-
Mr Vincent Rigano				
2018	-	-	-	-
2017	-	-	-	-
Mr Andrew Ford				
2018	-	-	-	-
2017	-	-	-	-
<b>Total</b>				
2018	-	-	-	-
2017	-	-	-	-

**Table 2: Remuneration of key management personnel for the year ended 30 June 2018 and 30 June 2017**

Other than directors, there were no key management personnel engaged during the 2018 financial year or during the previous financial year.

**Options issued as part of remuneration during the year ended 30 June 2018**

No options were issued as part of remuneration during the year ended 30 June 2018.

**Options holdings of Key Management Personnel**

	<b>Balance at 1 July 2017</b>	<b>Granted as remuneration</b>	<b>Other Changes</b>	<b>Balance at 30 June 2018</b>	<b>Vested and Exercisable at 30 June 2018</b>
R Azer	-	-	-	-	-
E Byrt**	1,000,000	-	2,392,884	3,392,884	3,392,884
V Rigano*	1,450,000	-	2,820,200	4,270,200	4,270,200
A Ford	750,000	-	-	750,000	750,000
<b>Total</b>	<b>3,200,000</b>	<b>-</b>	<b>5,213,084</b>	<b>8,413,084</b>	<b>8,413,084</b>

\*\* During the year Mr Byrt was issued 4,392,884 as a result of a resolution passed at the 2017 AGM. During the year, Mr Byrt exercised 2,000,000 options.

\* During the year Mr Rigano was issued 2,820,200 as a result of a resolution passed at the 2017 AGM.

**Directors' Report**  
**30 June 2018**

**REMUNERATION REPORT CONTINUED- AUDITED**

**Key Management Personnel Shareholdings**

	<b>Balance at 1 July 2017</b>	<b>Other Changes</b>	<b>Balance at 30 June 2018</b>
R Azer	29,203,853	-	29,203,853
E Byrt**	17,656,597	6,392,884	24,049,481
V Rigano*	5,190,045	2,820,200	8,010,245
A Ford	1,046,090	-	1,046,090
	<b>53,096,585</b>	<b>9,213,084</b>	<b>62,309,669</b>

\*\* During the year Mr Byrt was issued 4,392,884 shares as a result of a resolution at the 2017 AGM and purchased 2,000,000 shares via the conversion of unlisted options.

\* During the year Mr Rigano was issued 2,280,200 shares as a result of a resolution at the 2017 AGM.

**Other transactions with key management personnel**

The Company has an unsecured loan representing a draw down facility provided by Talisker Pty Ltd, 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 2018 is \$313,655 (2017: \$303,655).

The Company has unsecured loans with E Byrt and V Rigano. The loans are short-term in nature and no interest is payable. The balances of the loans are as follows:

	<b>Balance at 30 June 2018</b>	<b>Balance at 30 June 2017</b>
	<b>\$</b>	<b>\$</b>
E Byrt	90	41,034
V Rigano	118	28,202
R Azer	4,879	0

During the year loans of \$43,929 with E Byrt and \$28,202 with V Rigano have been repaid through the issue of shares.

**END OF AUDITED REMUNERATION REPORT**

## **Directors' Report**

### **30 June 2018**

#### **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:

	<b>Directors' Meetings</b>	<b>Audit Committee</b>		
<b>Number of meetings held</b>	16	2		
<b>Number of meetings attended:</b>	<b>Number eligible to attend</b>	<b>Number attended</b>	<b>Number eligible to attend</b>	<b>Number attended</b>
Mr Edward Burt	16	16	2	2
Mr Ramy Azer	16	14	2	-
Mr Vincent Rigano	16	15	2	2
Mr Andrew Ford	16	13	2	-

Members acting on the audit committee of the Board are:

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

#### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

#### **NON AUDIT SERVICES**

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

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2018 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 15.

Signed in accordance with a resolution of the directors.



Mr Ramy Azer  
Director

27 September 2018



## Auditor's Independence Declaration

### To the Directors of Papyrus Australia Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Papyrus Australia Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 27 September 2018

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
 For the Year Ended 30 June 2018**

		<b>Consolidated Group</b>	
		<b>30 June 2018</b>	<b>30 June 2017</b>
		<b>\$</b>	<b>\$</b>
Revenue from operating activities		-	-
Other income	3 (a)	51,998	73,573
Depreciation expense	3 (b)	(51,940)	(67,433)
Employee benefits expenses	3 (c)	(3,240)	(5,250)
Other expenses	3 (d)	(111,868)	(120,597)
Finance costs		(10,324)	(9,957)
Loss before income tax benefit		(125,374)	(129,664)
Income tax benefit		-	-
Loss for the year		(125,374)	(129,664)
Loss attributable to members of the parent entity		(125,374)	(129,664)
Other comprehensive income		-	-
Total comprehensive income for the year		(125,374)	(129,664)
Total comprehensive income attributable to members of the parent entity		(125,374)	(129,664)
Earnings per share:		Cents	Cents
Basic earnings per share	5	(0.06)	(0.06)
Diluted earnings per share	5	(0.06)	(0.06)

The accompanying notes form part of these financial statements.

**Consolidated Statement of Financial Position  
 For the Year Ended 30 June 2018**

		<b>Consolidated Group</b>	
		<b>30 June 2018</b>	<b>30 June 2017</b>
	Note	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	43,000	17,619
Trade and other receivables	7	1,663	6,189
<b>TOTAL CURRENT ASSETS</b>		<b>44,663</b>	<b>23,808</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	331,335	383,275
<b>TOTAL NON-CURRENT ASSETS</b>		<b>331,335</b>	<b>383,275</b>
<b>TOTAL ASSETS</b>		<b>375,998</b>	<b>407,083</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	57,112	53,865
Short-term borrowings	10	318,742	372,891
Other current liabilities	11	233,180	233,180
<b>TOTAL CURRENT LIABILITIES</b>		<b>609,034</b>	<b>659,936</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current liabilities	11	328,848	380,787
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>328,848</b>	<b>380,787</b>
<b>TOTAL LIABILITIES</b>		<b>937,882</b>	<b>1,040,723</b>
<b>NET LIABILITIES</b>		<b>(561,884)</b>	<b>(633,640)</b>
<b>EQUITY</b>			
Issued capital	12	20,468,821	20,271,691
Reserves	13	915,722	915,722
Accumulated losses		(21,946,427)	(21,821,053)
<b>TOTAL EQUITY</b>		<b>(561,884)</b>	<b>(633,640)</b>

The accompanying notes form part of these financial statements.

**Consolidated Statement of Changes in Equity  
 For the Year Ended 30 June 2018**

		<b>Consolidated Group</b>			
		Issued	Accumulated	Share	
		Capital	losses	Option	
	Note	\$	\$	Reserve	Total
		\$	\$	\$	\$
Balance at 1 July 2016		20,199,691	(21,691,389)	915,722	(575,976)
Comprehensive income					
Loss for the year			(129,664)		(129,664)
Other comprehensive income/(expenses)		-	-	-	-
Total comprehensive income for the period			(129,664)		(129,664)
transactions with owners, in their capacity as owners, and other transactions					
Shares issued via private placement on 27 January 2017		52,000	-	-	52,000
Shares issued via private placement on 23 June 2017		20,000	-	-	20,000
Total transactions with owners and other transactions	12	72,000	-	-	72,000
<b>Balance at 30 June 2017</b>		<b>20,271,691</b>	<b>(21,821,053)</b>	<b>915,722</b>	<b>(633,640)</b>
Balance at 1 July 2017		20,271,691	(21,821,053)	915,722	(633,640)
Comprehensive income					
Loss for the year		-	(125,374)	-	(125,374)
Total comprehensive income for the period		-	(125,374)	-	(125,374)
transactions with owners, in their capacity as owners, and other transactions					
Shares issued via private placement on 30 August 2017		30,000	-	-	30,000
Shares issued via 2017 AGM resolutions on 19 December 2017		72,130			72,130
Shares Issued via exercise of options on 27 December 2017		15,000			15,000
Shares issued via conversion of options on 11 January 2018		10,000			10,000
Shares issued via conversion of options on 23 February 2018		20,000			20,000
Shares issued via private placement on 18 May 2018		40,000			40,000
Shares issued via conversion of options on 27 June 2018		10,000			10,000
Total comprehensive income for the period	12	197,130	-	-	197,130
<b>Balance at 30 June 2018</b>		<b>20,468,821</b>	<b>(21,946,427)</b>	<b>915,722</b>	<b>(561,884)</b>

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows**  
**For the Year Ended 30 June 2018**

	Note	Consolidated Group	
		30 June 2018 \$	30 June 2017 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payment to suppliers and employees		(117,600)	(119,006)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	14	<b>(117,600)</b>	<b>(119,006)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Receipts of funding received in advance		-	-
Proceeds from sale of plant and equipment		-	-
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		125,000	72,000
Proceeds from borrowings		17,981	34,264
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>142,981</b>	<b>106,264</b>
Net (decrease)/increase in cash and cash equivalents		25,381	(12,742)
Cash at the beginning of the financial year		17,619	30,381
<b>CASH AT END OF FINANCIAL YEAR</b>	6 (a)	<b>43,000</b>	<b>17,619</b>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2018**

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 27 September 2018.

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. Parent entity summary is included in note 22.

#### **1 Summary of Significant Accounting Policies**

##### **(a) Basis of Preparation**

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

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

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

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

##### **(b) Principles of Consolidation**

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

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

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

A list of controlled entities is contained in Note 18 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.

## Notes to the Financial Statements For the Year Ended 30 June 2018

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

#### (c) Revenue and other income

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

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

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

#### Sale of goods

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

#### Interest revenue

Interest is recognised using the effective interest method.

#### Grant revenue

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

#### (d) Finance costs

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

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

#### (e) Cash and cash equivalents

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

#### (f) Trade and other receivables

All receivables are recognised at cost less provision for doubtful debts, which in practice will equal the amounts receivable upon settlement. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect on all amounts due according to the original terms of receivables. The amount of the provision is recognised in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements For the Year Ended 30 June 2018

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

#### (g) Income Tax

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

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the

year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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



## Notes to the Financial Statements For the Year Ended 30 June 2018

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

#### (g) Income Tax (continued)

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

#### (h) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

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

#### (i) Plant and Equipment

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

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

#### Depreciation

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

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

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

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

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements For the Year Ended 30 June 2018

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

#### (j) Intangible Assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are expensed against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

#### (k) Financial instruments

##### Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Classification and subsequent measurement

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Loans and receivables are included in current assets, except those which are not expected to mature within 12 months after the end of the reporting period (All other loans and receivables are classified as non-current assets).

##### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

## Notes to the Financial Statements For the Year Ended 30 June 2018

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

#### (k) Financial Instruments (continued)

##### Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in 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 Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

## Notes to the Financial Statements For the Year Ended 30 June 2018

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

#### (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.

#### (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 2018 and 2017.

## Notes to the Financial Statements For the Year Ended 30 June 2018

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

#### (r) Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of \$125,374 and a net cash outflow from operating and investing activities of \$117,600 during the year ended 30 June 2018. The Group continues to be economically dependent on the unsecured loan facility provided by an entity associated with the Managing Director, generation of cash flow from the business and/ or raising additional capital for the continued development of its Banana Ply Project and working capital. The Group continues to be in consultation with its advisers and potential partners to evaluate alternative means of raising additional capital.

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

#### (s) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgments are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

#### Key estimates - impairment

The Group has capitalised the development costs in relation to the development of the Banana Ply Technology. The recoverability of the asset is dependent on the successful commercialisation of the technology. As 30 June 2018, the commercialisation was not complete.

The Group assesses impairment at the end of each reporting year by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### (t) Adoption of new and revised accounting standards

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2017:

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2012-3: AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets; and
- AASB 2017-1: Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).

Management has reviewed the requirements of the above standards and has concluded that there was no effect on

the classification or presentation of balances.

## Notes to the Financial Statements For the Year Ended 30 June 2018

<b>1</b>	<b>Summary of Significant Accounting Policies (continued)</b>
	<b>(u) New Accounting Standards and Interpretations</b>

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements and their impact on the Group where the standard is relevant:

### New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2017. Information on the more significant standard(s) is presented below.

#### *AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

#### *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

The adoption of these standards has not had a material impact on the Group.

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

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date <small>(annual reporting periods beginning on or after)</small>	Likely impact on initial application
AASB 9 <i>Financial Instruments</i> (December 2014)	AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ul style="list-style-type: none"> <li>a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.</li> <li>b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or disposal of the instrument</li> </ul>	1 January 2018	Based on the entity's assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

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

**(u) New Accounting Standards and Interpretations (continued)**

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date <small>(annual reporting periods beginning on or after)</small>	Likely impact on initial application
--------------------------------	-----------------------------	------------------	--	--------------------------------------

- c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
  - the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

  - classification and measurement of financial liabilities; and
  - derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

## 2 Operating segments

### Segment information

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments.

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.

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 3 REVENUE AND EXPENSES

	30 June 2018 \$	30 June 2017 \$
<b>REVENUE</b>		
<i>(a) Other income</i>		
Sundry Income	59	6,140
Grant revenue	51,939	67,433
	<b>51,998</b>	<b>73,573</b>
<b>EXPENSES</b>		
<i>(b) Depreciation of non-current assets</i>		
Plant and equipment	51,940	67,433
Total depreciation	<b>51,940</b>	<b>67,433</b>
<i>(c) Employee benefits expense</i>		
Wages, salaries and other remuneration expenses	3,240	5,250
Superannuation expense	-	-
Total employee benefits expense	<b>3,240</b>	<b>5,250</b>
<i>(d) Other expenses</i>		
Audit fees	21,875	21,972
Legal fees	7,967	-
Professional services	3,832	13,550
Travel and accommodation	-	4,264
Governance and secretarial costs	1,402	17,429
Rent	3,679	3,524
Communications expense	381	643
Share registry and ASX expenses	58,056	31,599
Motor vehicle costs	-	90
Other expenses	14,676	37,483
	<b>111,868</b>	<b>120,597</b>



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**4 Income Tax Expense**

The major components of tax expense (income) comprise:

	Consolidated Group	
	30 June 2018	30 June 2017
	\$	\$

A reconciliation between tax expense and the product of accounting

Loss before income tax multiplied by the Group's applicable income tax

Rate is as follows:

Loss before income tax	(125,374)	(129,664)
At the Group's income tax rate of 27.5%	(34,478)	(38,899)
Expenditure not allowable for income tax purposes	1,283	2,879
Tax losses not recognised due to not meeting recognition criteria	33,195	36,020
	-	-

The Group has tax losses arising in Australia of \$12,551,307 (2017: \$12,427,216).

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

**5 Earnings per Share**

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

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

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

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

	Consolidated Group	
	2018	2017
	\$	\$
Net loss attributable to ordinary equity holders of the parent	(125,374)	(129,664)

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**5 Earnings per Share (continued)**

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

	2018	2017
Weighted average number of ordinary shares for basic earnings per share	215,204,436	201,468,760
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	215,204,436	201,468,760

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 2018 or 2017. The number of options over ordinary shares at the balance date was 16,413,086 (2017: 8,450,000).

On 13 September 2017, the Company announced that 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 plus 3,000,000 options exercisable at \$0.01 per share. On the 13 September 2017, the Company announced the placement was completed.

On 27 December 2017, the Company announced that it had raised \$15,000 by way of a conversion of 1,500,000 options to ordinary fully paid shares at a price of \$0.01 per new share. On the 27 December 2017, the Company announced the conversion was completed.

On 23 February 2018, the Company announced that it had raised \$20,000 by way of a conversion of 2,000,000 options to ordinary fully paid shares at a price of \$0.01 per new share. On the 23 February 2018, the Company announced the conversion was completed.

On 27 December 2017, the Company announced that it had raised \$15,000 by way of a conversion of 1,500,000 options to ordinary fully paid shares at a price of \$0.01 per new share. On the 27 December 2017, the Company announced the conversion was completed.

On 18 May 2018, the Company announced that it had entered into agreements with new and certain existing shareholders to raise \$40,000 by way of a placement of 4,000,000 ordinary fully paid shares at a price of \$0.01 per new share plus 4,000,000 options exercisable at \$0.01 per share. On the 18 May 2018, the Company announced the placement was completed.

On 27 June 2018, the Company announced that it had raised \$10,000 by way of a conversion of 1,000,000 options to ordinary fully paid shares at a price of \$0.01 per new share. On the 27 June 2018, the Company announced the conversion was completed.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

6 Cash and cash equivalents	Note	Consolidated Group	
		2018	2017
		\$	\$
Cash at bank and in hand	6(a)	43,000	17,619
		43,000	17,619

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.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

a. (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		43,000	17,619
<b>Balance as per consolidated statement of cash flows</b>		<b>43,000</b>	<b>17,619</b>

7 Trade and other receivables			Consolidated Group	
			2018	2017
		Note	\$	\$
CURRENT				
Other receivables		7(a)	(344)	3,569
Net GST receivable			2,007	2,620
Total current trade and other receivables			1,663	6,189

(a) Trade receivables

Information regarding the credit risk of current receivables is set out in Note 19.

8 Plant and equipment			Consolidated Group	
			2018	2017
			\$	\$
PLANT AND EQUIPMENT				
Plant and equipment at cost			1,961,165	1,961,165
Accumulated depreciation and impairment			(1,629,830)	(1,577,890)
			331,335	383,275

(a) Movements in carrying amounts of plant and equipment

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

Consolidated	Plant and Equipment \$
<b>Year ended 30 June 2018</b>	
Balance at the beginning of year	383,275
Depreciation expense	(51,940)
<b>Balance at the end of the year</b>	<b>331,335</b>

Consolidated	Plant and Equipment \$
<b>Year ended 30 June 2017</b>	
Balance at the beginning of year	450,708
Depreciation expense	(67,433)
<b>Balance at the end of the year</b>	<b>383,275</b>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**9 Trade and other payables**

			<b>Consolidated Group</b>	
			<b>2018</b>	<b>2017</b>
			<b>\$</b>	<b>\$</b>
CURRENT		<b>Note</b>		
Trade payables		9 (a)	<b>10,252</b>	21,343
Sundry payables and accrued expenses			<b>46,860</b>	32,517
			<b>57,112</b>	53,865

**(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 19.

**10 Borrowings**

CURRENT				
Unsecured liabilities				
Other loans		10(a)	<b>318,742</b>	372,891
Total unsecured liabilities			<b>318,742</b>	372,891

**(a) Unsecured loan**

The unsecured loan during the year represents a draw down facility as at 2018: \$313,655 (2017: \$303,655) provided by Talisker Pty Ltd, 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 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 2018: \$90 (2017: \$41,034) with E Byrt, as at 2018 \$118 (2017: \$28,202) with V Rigano and as at 2018 \$4,879 (2017: \$0) with R Azer.

**11 Other liabilities**

			<b>Consolidated Group</b>	
			<b>2018</b>	<b>2017</b>
			<b>\$</b>	<b>\$</b>
CURRENT				
Deferred income		11(a)	<b>233,180</b>	233,180
<b>Total current other liabilities</b>			<b>233,180</b>	233,180
NON-CURRENT				
Government grants received In advance		11(b)	<b>328,848</b>	380,787
<b>Total non-current other liabilities</b>			<b>328,848</b>	380,787

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 11 Other liabilities (continued)

#### (a) Deferred income

Deferred income of \$233,180 represents the initial non-refundable deposit from the Egyptian Fibre Company ("EBFC") for machinery to be built and delivered by the Company and further cash advances.

#### (b) Government grants received in advance

The Company has been the recipient of two government grants that contained claw back provisions if certain performance targets were not met by the Company. The Company has fulfilled its contractual obligations under the respective Grant Deeds as at 30 June 2018. The Company has also filed all reports required of it pursuant to the Grant Deeds. In accordance with AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance', as the grants related to the Company's plant and equipment and intangibles, they have been deferred and have been systematically released to the consolidated statement of profit and loss and other comprehensive income with the depreciation and impairment of the relevant assets. For the year ended 30 June 2018, \$51,939 has been released (2017: \$67,433).

### 12 Issued capital

		Consolidated Group	
		2018	2017
		\$	\$
	226,149,431 fully paid ordinary shares (2017: 206,436,431)	20,468,821	20,271,691
	<b>Total issued capital</b>	<b>20,468,821</b>	20,271,691

(a) Ordinary shares	2018	2018	2017	2017
	Number	\$	Number	\$
At the beginning of the reporting period	20,468,821	20,199,691	199,236,431	20,199,691
Shares issued pursuant to 2017 AGM resolutions	7,213,000	72,130	-	-
Shares issued pursuant to private placement	9,000,000	90,000	7,200,000	72,000
Shares issued pursuant to option conversion	3,500,000	35,000	-	-
At the end of the reporting period	226,149,431	20,468,821	206,436,431	20,271,691

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

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

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

#### (b) Capital Management

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

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

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

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**13 Reserves**

	Note	Consolidated Group	
		2018	2017
		\$	\$
<b>Share Option Reserve</b>			
Balance at beginning of financial year		915,722	915,722
Share based payments		-	-
Balance at end of the year	13(a)	915,722	915,722

**(a) Share option reserve**

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 15 for further details of these plans.

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

	Consolidated Group	
	2018	2017
	\$	\$
Net loss	(125,374)	(129,664)
Non-cash flow in loss:		
- Depreciation	51,940	67,433
Changes in assets and liabilities		
- Decrease/(Increase) in trade and other receivables	4,526	(1,414)
- Decrease/(Increase) in trade and other payables	3,248	12,072
- Increase/(Decrease) in deferred income	(51,940)	(67,433)
<b>Net cash (used in)/provided by operating activities</b>	<b>(117,600)</b>	<b>(119,006)</b>

**15 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.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue (provided all relevant vesting conditions, if applicable, have been met). Options will be issued free. The exercise price of options will be determined by the Board. The total number of shares, the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 15 Share based payments (continued)

- If, prior to the expiry date of options, a person ceases to be an employee of the Group for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 30 days from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options can't be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options issued under the plan.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules. The expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in Note 3(d).

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:

2018 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	3,000,000	-	(3,000,000)	-	-	-
0.05	2,250,000	-	-	750,000	1,500,000	1,500,000
0.01	3,200,000	-	(500,000)	-	2,700,000	2,700,000
0.01	-	14,213,084	(2,000,000)	-	12,213,084	12,213,084
	8,450,000	14,213,084	(5,500,000)	(750,000)	16,413,084	16,413,084
2017 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.
0.04	9,200,000	-	-	(9,200,000)	-	-
0.01	3,000,000	-	-	-	3,000,000	3,000,000
0.05	2,250,000	-	-	-	2,250,000	2,250,000
	14,450,000	5,200,000	(2,000,000)	(9,200,000)	8,450,000	8,450,000

The weighted average remaining contractual life of options outstanding at year end was 1.24 years (2017: 1.19 years).

The range of weighted average exercise prices for options outstanding at the end of the year was \$0.01 - \$0.05 (2017: \$0.01 - \$0.05).

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**16 Contingencies**

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2018 (30 June 2017: None).

**17 Remuneration of Auditors**

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

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
- auditing or reviewing the financial report	<b>22,975</b>	21,972
Total remuneration of auditors	<b>22,975</b>	21,972

No non-audit services have been provided.

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

<b>Name of entity</b>	<b>Principal place of business / country of incorporation</b>	<b>Ownership Interest</b>	
		<b>2018</b>	<b>2017</b>
		<b>%</b>	<b>%</b>
<b>Parent entity</b>			
Papyrus Australia Ltd (a)	Australia		
<b>Subsidiaries</b>			
PPY EU Pty Ltd (b)	Australia	100	100
Papyrus Technology Pty Ltd (b)	Australia	100	100
PPY Manufacturing Pty Ltd (b)	Australia	100	100
Australian Advanced Manufacturing Centre Pty Ltd (b)	Australia	100	100
Pulp Fiction Manufacturing Pty Ltd (b)	Australia	100	100
Papyrus Egypt (c)	Egypt	50	50
Yellow Pallet B.V. (c)	The Netherlands	50	50

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

- a. Papyrus Australia Ltd is the head entity within the tax-consolidated group.
- b. These companies are members of the tax-consolidated group.
- c. These entities were non-operating shell companies at 30 June 2018



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**19 Financial Risk Management**

**Categories of financial instruments**

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2018	2017
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	6	43,000	17,619
Loans and receivables	7	1,663	6,189
<b>Total financial assets</b>		<b>44,663</b>	<b>23,808</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	9	57,112	53,865
- Borrowings	10	318,742	372,891
<b>Total financial liabilities</b>		<b>375,854</b>	<b>426,756</b>
<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.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.50% and -0.50% (2017: +0.50% and -0.50%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**19 Financial Risk Management (continued)**

**Market risk**

**(i) Cash flow interest rate sensitivity (continued)**

	2018		2017	
	+0.50%	-0.50%	+0.50%	-0.50%
	\$	\$	\$	\$
<b>Cash and cash equivalents</b>				
Net results	-	-	179	(179)
Equity	-	-	179	(179)

**(ii) 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		Floating interest rate		Maturing within 1 year		Non-interest bearing		Total	
	2018 %	2017 %	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
<b>Financial Liabilities:</b>										
Borrowings	3.30	3.30	3,30	3,30	313,655	303,655	5,087	69,237	318,742	372,891

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.

**20 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:

- The Company has an unsecured loan representing a draw down facility provided by Talisker Pty Ltd, 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 loan 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 balance of the loan at 30 June 2018 is \$313,655 (2017: \$303,655). No interest has been paid on the loan during the 2017 and 2018 years.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**20 Related Parties (continued)**

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

- The Company has an unsecured loan provided by E Byrt. The loan is unsecured and is interest free. The balance of the loan at 30 June 2018 is \$90 (2017: \$41,034).
- The Company has an unsecured loan provided by V Rigano. The loan is unsecured and is interest free. The balance of the loan at 30 June 2018 is \$118 (2017: \$28,202).
- The Company has an unsecured loan provided by R Azer. The loan is unsecured and is interest free. The balance of the loan at 30 June 2018 is \$4,879 (2017: \$0).

**(b) Wholly owned group transactions**

*Loans*

The Group consists of those entities listed in Note 18. Transactions between Papyrus Australia Ltd and other entities in the wholly owned Group during the year consisted of loans advanced by Papyrus Australia Ltd to fund research and development activities.

**(c) 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.

**21 Key Management Personnel Disclosures**

**Key Management Personnel**

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

Mr Edward Byrt - Chairman

Mr Ramy Azer - Managing Director

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

Mr Andrew Ford - Non-Executive Director

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

<b>21 Key Management Personnel Disclosures (continued)</b>
<b>Totals of remuneration paid</b>

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

		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
Short-term employee benefits		-	-
Post-employment benefits		-	-
Share based payments		-	-
<b>Total remuneration paid to key management personnel</b>		<b>-</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 2018.

<b>Other key management personnel transactions</b>
--

For details of other transactions with key management personnel, refer to Note 20: Related Party Transactions.

**22 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>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Statement of Financial position</b>			
Assets			
Current assets		<b>43,024</b>	22,169
Non-current assets		-	-
Total Assets		<b>43,024</b>	22,169
Liabilities			
Current Liabilities		<b>604,899</b>	655,809
Non-current liabilities		-	-
Total liabilities		<b>604,899</b>	655,809
Equity			
Issued capital		<b>20,468,821</b>	20,271,691
Accumulated losses		<b>(21,946,427)</b>	(21,821,053)
Reserves Total equity		<b>915,722</b>	915,722
		<b>(561,884)</b>	(633,640)
<b>Statement of Profit or Loss and other Comprehensive Income</b>			
Total loss for the year		<b>(125,374)</b>	(129,664)
Other comprehensive loss		-	-
<b>Total comprehensive loss</b>		<b>(125,374)</b>	(129,664)

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2018**

#### **22 Parent entity (continued)**

##### **Contingent liabilities**

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

<b>Contractual commitments</b>
--------------------------------

Contractual commitments of the parent entity have been incorporated into the Group information in Note 17. The contractual commitments of the parent are consistent with that of the Group.

<b>23 Events Occurring After the Reporting Date</b>
---

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

## **Directors' Declaration**

The directors of the Group declare that:

1. the financial statements and notes for the year ended 30 June 2018 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.



Director

Mr Ramy Azer Managing Director

Dated this 27 day of September 2018

# 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 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 (r) in the financial statements, which indicates that the Group incurred a net loss of \$125,374 and a net cash outflow from operating and investing activities of \$117,600 during the year ended 30 June 2018. We also note that as of that date, the Group’s cash balance was \$43,000. As stated in Note 1 (r), these events or conditions, along with other matters as set forth in Note 1 (r), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key audit matters**

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

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Carrying value of plant and equipment</b> <b>Note-8</b></p> <p>At 30 June 2018, the carrying value of plant and equipment was \$331,335.</p> <p>The balance relates to machinery which has been sent to Egypt, where in conjunction with Egypt Banana Fibre Company (EBFC), the machinery is in the process of being commissioned. There have been significant delays in the commissioning stage with full commissioning not yet achieved at 30 June 2018.</p> <p>This area is a key audit matter due the significant judgement involved in evaluating the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• documenting the processes and controls, including assessing the design of internal controls relating to management’s assessment of triggers for impairment;</li> <li>• understanding the evaluation of trigger events considered by management in accordance with AASB 136 <i>Impairment of Assets</i>;</li> <li>• reviewing publicly available information, board minutes and discussions with the directors, and obtaining an understanding of the latest status of the commissioning of the machinery; and</li> <li>• assessing the appropriateness of the related disclosures within the financial statements.</li> </ul>

**Information other than the financial report and auditor’s report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2018, but does not include the financial report and our auditor’s report thereon.

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

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

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



### Responsibilities of the Directors' for the financial report

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

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

### Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.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 11 to 13 of Directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Papyrus Australia Ltd, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 27 September 2018