UNAUDITED

Papyrus Australia Limited

ABN 63 110 868 409

Preliminary Final ASX Report

for the year ended 30 June 2015

	2015 $A	2014 $A		Percentage change
Revenues from ordinary activities	-	158	down	(100)%
Loss from ordinary activities after tax attributable to the members	(261,792)	(692,150)	down	63%
Loss for the year attributable to members	(261,792)	(692,150)	down	63%

Dividends (distributions)

No dividend has been paid during the year ended 30 June 2015

The directors have not proposed a dividend for the year ended 30 June 2015

Net Tangible Assets Per Security - cents	($0.003)	($0.002)

Basis of Financial Report Preparation

This financial report is for the year ended 30 June 2015 and has been prepared in accordance with the Australian Securities Exchange Listing rules as they relate to Appendix 4E and in accordance with the Corporations Act 2001. The accounting policies adopted with the contents of this report are consistent with those of the previous financial year and corresponding interim reporting period. Comments are for the twelve months ended 30 June 2015 with comparatives for the twelve months ended 30 June 2014 shown in the parent. All amounts are measured in Australian Dollars, unless otherwise specified.

Audit Status

The financial statements contained within this Appendix 4E are in the process of being audited and, as such, the accounts are presented unaudited.

Consolidated statement of profit or loss and other comprehensive income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Consolidated Group	
		30 June 2015 $	**30 June 2014 $**
Revenue from operating activities	**2 (a)**	-	158
Other income/(expenses)	**2 (b)**	174,026	1,390,258
Depreciation expense	**2 (c)**	(88,326)	(201,322)
Employee benefits expenses	**2 (d)**	(143,191)	(293,381)
Other expenses	**2 (e)**	(204,301)	(419,601)
Impairment expense		-	(1,168,262)
Loss before income tax benefit		(261,792)	(692,150)
Income tax benefit		-	-
Loss for the year		(261,792)	(692,150)
Loss attributable to members of the parent entity		(261,792)	(692,150)
Other comprehensive income		-	-
Total comprehensive income for the year		(261,792)	(692,150)
Total comprehensive income attributable to members of the parent entity		(261,792)	(692,150)
Earnings per share:		*Cents*	*Cents*
Basic earnings per share	**3**	(0.14)	(0.44)
Diluted earnings per share	**3**	(0.14)	(0.44)

Consolidated statement of financial position
AS AT 30 JUNE 2015

		Consolidated Group	
		30 June 2015	**30 June 2014**
	Note	**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	**4**	3,589	16,360
Trade and other receivables	**5**	7,451	2,020
TOTAL CURRENT ASSETS		11,040	18,380
NON-CURRENT ASSETS			
Property, plant and equipment	**6**	542,091	630,417
TOTAL NON-CURRENT ASSETS		542,091	630,417
TOTAL ASSETS		553,131	648,797
CURRENT LIABILITIES			
Trade and other payables	**7**	96,098	77,534
Short-term borrowings	**8**	300,157	149,269
Other current liabilities	**9**	150,000	150,000
TOTAL CURRENT LIABILITIES		546,255	376,803
NON-CURRENT LIABILITIES			
Other non-current liabilities	**9**	521,416	609,742
TOTAL NON-CURRENT LIABILITIES		521,416	609,742
TOTAL LIABILITIES		1,067,671	986,545
NET ASSETS		(514,540)	(337,748)
EQUITY			
Issued capital	**10**	20,069,691	19,984,691
Reserves	**11**	907,666	907,666
Accumulated losses		(21,491,897)	(21,230,105)
TOTAL EQUITY		(514,540)	(337,748)

Consolidated statement of changes in equity
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Issued Capital $	(Accumulated losses) $	Share Option Reserve $	Total $
		Consolidated Group			
Balance at 1 July 2013		19,459,231	(20,537,955)	795,646	(283,078)
Comprehensive income					
Loss for the year		-	(692,150)	-	(692,150)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	(692,150)	-	(692,150)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued via private placement on 4 October 2013	**10**	170,000	-	-	170,000
Fair value of shares issued, in lieu of cash for services rendered	**10**	48,000	-	-	48,000
Shares issued pursuant to resolutions passed at the Company's AGM 2013	**10**	200,000	-	-	200,000
Shares issued to satisfy a loan in accordance with a resolution passed at the Company's 2013 AGM	**10**	57,460	-		57,460
Fair value of share-based payments - options	**12**		-	112,020	112,020
Shares issued to sophisicated investors on 6 May 2014	**10**	50,000	-	-	50,000
Total transactions with owners and other transfers		525,460	-	112,020	637,480
Balance at 30 June 2014		19,984,691	(21,230,105)	907,666	(337,748)
Balance at 1 July 2014		19,984,691	(21,230,105)	907,666	(337,748)
Comprehensive income					
Loss for the year		-	(261,792)	-	(261,792)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	(261,792)	-	(261,792)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued via private placement on 9 October 2014	**10**	30,000	-	-	30,000
Shares issued via private placement on 17 November 2014	**10**	30,000			30,000
Shares issued via private placement on 24 March 2015	**10**	25,000			25,000
Total transactions with owners and other transfers		85,000	-	-	85,000
Balance at 30 June 2015		20,069,691	(21,491,897)	907,666	(514,540)

Consolidated statement of cash flows
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Consolidated Group	
		30 June 2015 $	30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(333,471)	(541,196)
Interest received		-	158
NET CASH USED IN OPERATING ACTIVITIES	**4 (a)**	(333,471)	(541,038)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		85,700	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		85,700	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		85,000	420,000
Proceeds from borrowings		157,618	-
Repayment of borrowings		(7,618)	(13,713)
NET CASH PROVIDED BY FINANCING ACTIVITIES		235,000	406,287
Net (decrease)/increase in cash and cash equivalents		(12,771)	(134,751)
Cash at the beginning of the financial year		16,360	151,111
CASH AT THE END OF THE FINANCIAL YEAR	**4**	3,589	16,360

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited consolidated Annual Financial Report.

The Preliminary Final Report has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The Financial Report also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board. In preparing the Preliminary Financial Report, Papyrus Australia Ltd is a for-profit entity.

The Preliminary Final Report is presented in Australian dollars and has been prepared on the basis of historical cost except where assets and liabilities are stated at their fair values in accordance with relevant accounting policies.

The consolidated Annual Financial Report is in the process of being audited and will be made available prior to 30 September 2015. This Report should also be read in conjunction with any public announcements made by Papyrus during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of Papyrus Australia Ltd and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

c. Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Costs directly attributable to the combination are expensed as incurred. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

d. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

e. Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

f. Borrowing costs

Borrowing costs are recognised as an expense when incurred.

g. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

h. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of 3 months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

i. Trade and other receivables

All debtors are recognised at cost less provision for doubtful debts, which in practice will equal the amounts receivable upon settlement. Collectability of trade debtors 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 profit or loss.

j. Income tax

Income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Current and deferred tax expense attributable to amounts recognised directly in equity is also recognised directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from 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 the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 balance sheet 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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cash Flows 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 are 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. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line over the estimated useful life of the assets as follows:

Plant and equipment 2.5 - 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the profit or loss in a combination of functional expense items.

m. 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.

n. Trade and other payables

Trade payables and other payables are carried at cost 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.

o. 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.

p. Employee leave benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to matrity that match the expected timing of cash flows.

q. Share-based payment transactions

The Group provides benefits to employees and consultants of the Group in the form of share-based payments, whereby employees or consultants receive option 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 directors and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost is recognised as an expense in the income statement, together with a corresponding increase in the share option reserve, when the options are issued. The fair value is determined using the Black Scholes option pricing model.

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

r. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s. Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

t. Significant accounting judgements and key estimates

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

Except as described below, in preparing this report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

In the year ended 30 June 2015, management reassessed its estimates in respect of:

Key Estimates — Impairment
The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Significant Accounting Estimate
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 2015, the commercialisation of the project was not yet complete.

2. REVENUE AND EXPENSES

	Consolidated Group 30 June 2015 $	Consolidated Group 30 June 2014 $
REVENUE		
(a) Revenue from operating activities		
Interest received	-	158
	-	158
(b) Other income		
Net profit on disposal of property, plant and equipment	85,700	-
Grant revenue	88,326	1,390,258
	174,026	1,390,258

Refer to note 9 for further information regarding the release of grant revenue.

	Consolidated Group 30 June 2015 $	Consolidated Group 30 June 2014 $
EXPENSES		
(c) Depreciation of non-current assets		
Plant and equipment	88,326	201,322
Total depreciation	88,326	201,322
(d) Employee benefits expense		
Wages, salaries and other remuneration expenses	136,560	174,987
Superannuation expense	6,631	6,374
Share based payments expense	-	112,020
Total employee benefits expense	143,191	293,381
(e) Other expenses		
Audit fees	25,143	24,250
Legal fees	1,636	6,930
Professional services	20,533	70,991
Travel and accommodation	11,457	57,779
Governance and secretarial costs	22,832	9,930
Rent	1,555	10,037
Communications expense	6,556	11,530
Share registry and ASX expenses	60,981	53,932
Motor vehicle costs	11,344	17,772
Factory operating costs	-	22,127
Net loss on disposal of plant and equipment	-	(535)
Other expenses	42,264	134,858
	204,301	419,601

3. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent 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:

	Consolidated Group	
	2015	**2014**
	$	**$**
Net loss attributable to ordinary equity holders of the parent	(261,792)	(692,150)
	2015	**2014**
Weighted average number of ordinary shares for basic earnings per share	182,426,842	158,435,358
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	182,426,842	158,435,358
Earnings per share:	*Cents*	*Cents*
Basic earnings per share	(0.14)	(0.44)
Diluted earnings per share	(0.14)	(0.44)

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 taking into account.

4. CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2015	**2014**
	$	**$**
Cash at bank and in hand	3,589	16,360
	3,589	16,360
4(a) Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(261,792)	(692,150)
Adjustments for non-cash items:		
Impairment of assets	-	1,168,262
Depreciation	88,326	201,322
Share-based payments	-	160,020
Net (profit)/loss from sale of property, plant and equipment	(85,700)	-
Changes in assets and liabilities		
Decrease/(Increase) in trade and other receivables	(5,430)	7,247
Decrease/(Increase) in other current assets	-	3,508
Increase(Decrease) in trade and other payables	19,451	(19,663)
Increase/(Decrease) in deferred income	(88,326)	(1,369,584)
Net cash from operating activities	(333,471)	(541,038)

5. TRADE AND OTHER RECEIVABLES

Current		
Other receivables	540	1,531
Net GST receivable	6,911	489
	7,451	2,020

6. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2015 $	Consolidated Group 2014 $
Plant and equipment		
Cost		
Opening balance	1,979,351	2,318,350
Disposals	-	-
Impairment of assets	-	(338,999)
	1,979,351	1,979,351
Accumulated depreciation		
Opening balance	1,348,934	1,147,613
Depreciation for the period	88,326	201,321
	1,437,260	1,348,934
Net book value of plant and equipment	542,091	630,417
Total net book value of property, plant and equipment	542,091	630,417

No impairment expense in relation to the Company's property, plant and equipment has been recognised for the year ended 30 June 2015 (2014: $338,999).

7. TRADE AND OTHER PAYABLES

Trade payables	57,670	43,832
Sundry payables and accrued expenses	38,428	33,702
	96,098	77,534

8. BORROWINGS

Finance Lease	-	6,729
Unsecured loan (a)	300,157	142,540
	300,157	149,269

(a) The unsecured loan during the year represents 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.

9. OTHER NON-CURRENT LIABILITIES

	Consolidated 2015 $	Consolidated 2014 $
Current		
Deferred income +	150,000	150,000
	150,000	150,000
Non-current		
Opening balance 1 July	609,742	1,979,326
Release of grant income	(88,326)	(1,369,584)
Closing balance 30 June ++	521,416	609,742

+ Deferred income of $150,000 represents the initial non-refundable deposit from the Egyptian Fibre Company ("EBFC") for machinery to be built and delivered by the Company.

++ The Company has been the recipient of two government grants that contain claw back provisions if certain performance targets are not met by the Company. The Company has fulfilled its contractual obligations under the respective Grant Deeds as at 30 June 2015. 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 statement of profit and loss and other comprehensive income with the depreciation and impairment of the relevant assets. For the year ended 30 June 2015, $88,326 has been released (2014: $1,369,584).

10. ISSUED CAPITAL

	Consolidated Group 2015	Consolidated Group 2014
186,236,431 fully paid ordinary shares (2014: 177,736,431)	20,069,691	19,984,691
	20,069,691	19,984,691

	2015 Number	2015 $	2014 Number	2014 $
Ordinary shares				
Balance at beginning of year	177,736,431	19,984,691	131,144,764	19,459,231
Shares issued pursuant to private placements and sophisticated investors	8,500,000	85,000	18,666,667	220,000
Shares issued pursuant to resolutions passed at the Company's AGM 2013	-	-	20,000,000	200,000
Shares issued to satisfy a loan in accordance with a resolution passed at the Company's 2013 AGM	-	-	5,525,000	57,460
Shares issued in lieu of cash for services rendered	-	-	2,400,000	48,000
Balance at end of financial year	186,236,431	20,069,691	177,736,431	19,984,691

11. RESERVES

	Consolidated Group	
	2015	2014
	$	$
Share-option reserve	907,666	907,666
	907,666	907,666
Share-option reserve		
Balance at beginning of financial year	907,666	795,646
Share based payments	-	112,020
Balance at end of financial year	907,666	907,666

12. SHARE BASED PAYMENTS

Employee Share Option Plan

The Company has 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 time 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.
- If, prior to the expiry date of options, a person ceases to be an employee of a Group company 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 cannot 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.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

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

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year (including those issues outside of the ESOP plan):

	2015 No.	2015 WAEP	2014 No.	2014 WAEP
Outstanding at the beginning of the year	9,950,000	0.05	1,000,000	0.50
Granted during the year	-	-	9,200,000	0.04
Expired during the year	-	-	(250,000)	1.63
Outstanding at the end of the year	9,950,000	0.05	9,950,000	0.05
Exercisable at the end of the year	9,950,000	0.05	9,950,000	0.05

The weighted average remaining contractual life for the share options outstanding as at 30 June 2015 was 1.43 years (2014: 2.43 years).

The range of weighted average exercise prices for options outstanding at the end of the year was $0.04 - $0.50 (2014: $0.04 - $0.50).

13. INTEREST IN SUBSIDIARIES

Name of entity	Country of Incorporation	Ownership Interest 2015 %	Ownership Interest 2014 %
Parent entity			
Papyrus Australia Ltd (i)	Australia		
Subsidiaries			
PPY EU Pty Ltd (ii)	Australia	100	100
Papyrus Technology Pty Ltd (ii)	Australia	100	100
PPY Manufacturing Pty Ltd (ii)	Australia	100	100
Australian Advanced Manufacturing Centre Pty Ltd (ii)	Australia	100	100
Pulp Fiction Manufacturing Pty Ltd (ii)	Australia	100	100
Papyrus Egypt (iii)	Egypt	50	50
Yellow Pallet B.V. (iii)	The Netherlands	50	50

i. Papyrus Australia Ltd is the head entity within the tax-consolidated group.
ii. These companies are members of the tax-consolidated group.
iii. These entities were non-operating shell companies at 30 June 2015.

14. 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.

15. SUBSEQUENT EVENTS

No other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- The entity's operations in future financial years;
- The results of those operations in future financial years; or
- The entity's state of affairs in future financial years.

16. GOING CONCERN

The financial report has been prepared on the basis of going concern. The company continues to be economically dependent on generating profits from the business and/or raising additional capital for the continued development of its Banana Ply Project and working capital. The Company continues to be in consultation with its advisers to evaluate alternative means of raising additional capital.

The Company's ability to continue as a going concern is contingent upon generation of profit from its business and/or successfully raising additional capital. If profits are not generated and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in this financial report. No allowance for such circumstances has been made in the financial report.

COMPLIANCE STATEMENT

1. This report has been prepared in accordance with AASB Standards, other authoritative pronouncements and Urgent Issues Group Consensus Views.

2. This report gives a true and fair view of the matters disclosed.

3. This report is based on accounts which are in the process of being audited

Ramy Azer
Managing Director

31 August 2015