

# **Papyrus Egypt LLC**

## **Half Year Report**

**for the half year ended 31 December 2024**

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**Statement of Profit or Loss and Other Comprehensive Income  
For the period ended 31 December 2024**

	Note	31 December 2024 EGP	31 December 2023 EGP
Revenue	3	2,403,751	22,531,716
Cost of sales		3,820	(8,832,820)
Other income	3	10,991,857	-
Employment expenses		(4,013,358)	(1,988,702)
Marketing expenses		(239,860)	(83,076)
Research & development expenses		(1,691,553)	(1,738,525)
Impairment (expense)/reversal		-	(4,236,431)
Depreciation		(680,725)	(399,206)
Finance cost		(929,620)	(13,461)
Other expenses		(518,863)	(338,223)
<b>Profit/(loss) before income tax expense</b>		<b>5,325,449</b>	<b>4,901,272</b>
Income tax expense/ (benefit)		-	-
<b>Profit/(loss) for the period</b>		<b>5,325,449</b>	<b>4,901,272</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>5,325,449</b>	<b>4,901,272</b>
<b>Total comprehensive income attributable to members</b>		<b>5,325,449</b>	<b>4,901,272</b>

*The accompanying notes form part of these financial statements.*

**Statement of Financial Position  
As at 31 December 2024**

	Note	31 December 2024 EGP	30 June 2024 EGP
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,751,112	3,333,321
Other assets	4	29,368,500	5,000
Trade and other receivables	5	25,548,945	702,002
Inventories	6	337,533	333,712
<b>TOTAL CURRENT ASSETS</b>		<b>58,006,090</b>	<b>4,374,035</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	22,332,841	23,013,565
<b>TOTAL NON-CURRENT ASSETS</b>		<b>22,332,841</b>	<b>23,013,565</b>
<b>TOTAL ASSETS</b>		<b>80,338,931</b>	<b>27,387,600</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	53,232,000	5,606,119
<b>TOTAL CURRENT LIABILITIES</b>		<b>53,232,000</b>	<b>5,606,119</b>
<b>NET ASSETS</b>		<b>27,106,931</b>	<b>21,781,481</b>
<b>EQUITY</b>			
Issued capital		1,000,000	1,000,000
Retained earnings		26,106,931	20,781,481
<b>TOTAL EQUITY</b>		<b>27,106,931</b>	<b>21,781,481</b>

*The accompanying notes form part of these financial statements.*

**Statement of Changes in Equity  
For the Period Ended 31 December 2024**

	<b>Issued Capital</b>	<b>Retained Earnings</b>	<b>Reserves</b>	<b>Total</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Balance at 1 July 2023	2,857,733	630,340	-	3,488,073
Comprehensive income				
Loss for the period	-	4,901,272	-	4,901,272
Total comprehensive income for the period	-	4,901,272	-	4,901,272
transactions with owners, in their capacity as owners, and other transactions				
Shares not issued	(721,000)	-	-	(721,000)
Related party shares not issued	(1,136,733)	-	-	(1,136,733)
Total transactions with owners and other transactions	(1,857,733)	-	-	(1,857,733)
Balance at 31 December 2023	1,000,000	5,531,612	-	6,531,612
Balance at 1 July 2024	1,000,000	20,781,481	-	21,781,481
Comprehensive income				
Profit / (loss) for the period	-	5,325,449	-	5,325,449
Total comprehensive income for the period	-	5,325,449	-	5,325,449
transactions with owners, in their capacity as owners, and other transactions				
	-	-	-	-
Total transactions with owners and other transactions	-	5,325,449	-	5,325,449
Balance at 31 December 2024	1,000,000	26,106,931	-	27,106,931

*The accompanying notes form part of these financial statements.*

**Statement of Cash Flows  
For Period Ended 31 December 2024**

	Note	31 December 2024 EGP	31 December 2023 EGP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		38,456,317	22,540,007
Payments to suppliers and employees		(43,722,687)	(6,506,511)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		(5,266,370)	16,033,496
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		-	(2,495,970)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		-	(2,495,970)
Refund of Proceeds from issue of shares		-	(721,000)
Receipt from related parties' borrowings		23,055,804	3,000,000
Net payment for bank letter of credit		(18,371,643)	-
Repayment of related party borrowings		-	(14,780,593)
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		4,684,161	(12,501,593)
Net increase in cash and cash equivalents		(582,209)	1,035,933
Cash at the beginning of the financial year		3,333,321	166,665
<b>CASH AT THE END OF THE PERIOD</b>		2,751,112	1,202,598

*The accompanying notes form part of these financial statements.*

## Notes to the Financial Statements

### For the Period ended 31 December 2024

This financial report covers the financial statements and notes of Papyrus Egypt LLC ('the Company') as an Individual entity. Papyrus Egypt LLC is a for-profit company limited by shares, incorporated and domiciled in Egypt. The financial statements are prepared for the benefit of members.

The financial statements are presented in Egyptian Pounds ('EGP') which is the company's functional and presentation currency.

#### 1 General Information and Basis of Preparation

The financial statements are for the six months ended 31 December 2024 and are general purpose financial statements that have been prepared in accordance with International Accounting Standard IAS34 *Interim Financial Reporting* as appropriate for for-profit orientated entities.

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.

#### Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As presented in the financial statements, the Company incurred a profit before comprehensive income of EGP5,325,449 (HY2023: profit of EGP 4,01,272).

The Managers of the Company believe it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report considering the following factors;

- the ability of the Company to raise additional capital from shareholders;
- the potential cash flows resulting from the revenue generated from the sale of fibre to the Egyptian Government("EM") project and the offtake contract income for the sale of output generated by EM project;
- the execution of 2 new contracts with other Government governorates for the establishment of similar facilities to the EM project.
- the ongoing financial support from Papyrus Australia Ltd

However, there remains a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the entity does not continue as a going concern.

#### 2. Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2024.

#### (a) Revenue and other income

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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

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

#### Interest revenue

Interest is recognised using the effective interest method.

**2. Significant Accounting Policies (continued)****(b) Trade and other receivables**

For trade receivables, the Company applies a simplified approach in calculating Expected Credit Losses ('ECLs') as allowed in accordance with IFRS 9 *Financial Instruments*.

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

**(c) Trade and other payables**

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

**(e) 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 - 20 years
Buildings	40 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.

**3 REVENUE & OTHER INCOME**

	31 December 2024 EGP	31 December 2023 EGP
Sale of musa liquid fertilizer / moulded fibre products	1,973,162	252,260
Sale of machinery (a)	94,500	22,266,401
Other income	336,089	13,055
R&D reimbursement (b)	10,991,857	-
Total Revenue and other income	<u>13,395,608</u>	<u>22,531,716</u>

(a) In prior period, the company entered into a contract with the Egyptian Government's National Authority for Military Production (MP) with regard to the delivery and installation of a banana fibre mouding line machinery. The delivery of all processing equipment components required for such installation have completed on 31 December 2023 and associated revenue was recognised accordingly.

(b) On 1 July 2022, the Company entered into a consultancy contract with Papyrus Australia Ltd (a shareholder) for

*The accompanying notes form part of these financial statements.*



research and development (R&D) in two areas being scaling up a manufacturing process overseas and developing prototypes overseas. As of 31 December 2024, Papyrus Australia Ltd reimbursed EGP 10,991,857 (December 2023: Nil) for costs incurred in relation to the R&D project. This reimbursement has been offset against the outstanding loan previously received from PPY Australia to assist with working capital requirements of the Company.

#### 4 OTHER ASSETS

	<b>31 December 2024 EGP</b>	<b>30 June 2024 EGP</b>
Other assets	<u>29,368,500</u>	<u>5,000</u>

Other assets represent letters of credit for two new contracts awarded by the Egyptian Government's National Authority for Military Production (MP) (Contracts 248 and 249). These contracts pertain to the delivery and installation of the Company's parallel line of banana fiber carton production line machinery, secured through a bank guarantee facility.

#### 5 TRADE AND OTHER RECEIVABLES

	<b>31 December 2024 EGP</b>	<b>30 June 2024 EGP</b>
<b>CURRENT</b>		
Trade receivables, net of provision for expected credit losses	208,370	198,502
Advance made to suppliers	25,340,575	500,000
Other receivable	-	3,500
Total trade and other receivables	<u>25,548,945</u>	<u>702,002</u>

Advance made to suppliers reported as at 31 December 2024 related to deposits for purchase of machine and equipment in relation to the two new contracts as disclosed in note 4.

#### 6 INVENTORIES

	<b>31 December 2024 EGP</b>	<b>30 June 2024 EGP</b>
Raw materials	48,768	117,213
Finished goods	288,765	216,499
Total inventories	<u>337,533</u>	<u>333,712</u>

**77 PROPERTY, PLANT AND EQUIPMENT**

	<b>31 December 2024 EGP</b>	<b>30 June 2024 EGP</b>
<b>LAND AND BUILDINGS</b>		
Freehold land at cost	9,322,057	9,322,057
Total land	<u>9,322,057</u>	<u>9,322,057</u>
Buildings at cost	4,483,490	4,483,490
Less accumulated depreciation	(1,189,503)	(1,133,459)
Total buildings	<u>3,293,987</u>	<u>3,350,031</u>
Total land & buildings	<u>12,616,044</u>	<u>12,672,088</u>
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment at cost	13,755,397	13,755,396
Accumulated depreciation and impairment	(4,038,600)	(3,413,919)
Total plant & equipment	<u>9,716,797</u>	<u>10,341,477</u>
Total property, plant & equipment	<u>22,332,841</u>	<u>23,013,565</u>

**8 TRADE AND OTHER PAYABLES**

	<b>31 December 2024 EGP</b>	<b>30 June 2024 EGP</b>
<b>CURRENT</b>		
Trade payables	-	17,652
Customer deposit	<b>35,579,586</b>	-
Other payables	<b>17,652,414</b>	5,588,467
	<u><b>53,232,000</b></u>	<u>5,606,119</u>

**(a) Trade payables**

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

**(b) Customer deposit**

The customer deposit represents the advance payment received for two new MP contracts, secured by a letter of credit from the bank as disclose under note 4. The delivery of the required equipment components for installation is expected to be completed in the second half of the year.

**(c) Other payables**

Other payables relate to loan advanced by Mr Azer and Ms Nayle, the Company's managers, to assist with the funding required to secure letter of guarantees for contract 248 and 249. These payables are not interest bearing and are repayable from future cashflows.

## Directors' Declaration

The Managers of the Company declare that:

- the attached financial statements and notes comply with International Accounting Standard IAS 134 *Interim Financial Reporting*;
- giving a true and fair view of its financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the management Committee.



Ramy Azer  
Manager

28 February 2025



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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAPYRUS EGYPT LLC

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Papyrus Egypt LLC (the Entity), which comprises the statement of financial position as at 31 December 2024 the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Entity does not present fairly, in all material respects, the financial position of the Entity as at 31 December 2024, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the International Accounting Standard IAS 34 *Interim Financial Reporting*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

#### Responsibility of management for the financial report

Management of the Entity is responsible for the preparation and fair presentation of the half-year financial report in accordance with the International Accounting Standard IAS 34 *Interim Financial Reporting* and for such internal control as the management determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the *Half-year* financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Entity as at 31 December 2024 and of its financial performance and its cash flows for the half-year ended on that date, accordance with the International Accounting Standard *IAS 34 Interim Financial Reporting*.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

BDO Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Linh Dao'.

Linh Dao  
Director

Adelaide, 28 February 2025