

Appendix 4D Requirements

Results for announcement to the market

	31 December 2021 \$A	31 December 2020 \$A		Percentage change
Revenues from ordinary activities	-	-	-	-
Profit / (loss) from ordinary activities after tax attributable to the members	(518,719)	285,355	down	282%
Profit / (loss) for the period attributable to members	(518,719)	285,355	down	282%

Dividends (distributions)

No dividend has been paid during the period ended 31 December 2021

The directors have not proposed a dividend for the period ended 31 December 2021

Net Tangible Assets Per Security - cents	\$ 0.008	\$ 0.009
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All other requirements are contained within the attached financial statements and notes.

The Group did not gain or lose control of any entities during the reporting period ended 31 December 2021.

Papyrus Australia Ltd

ABN 63 110 868 409

Half Year Report

for the half year ended 31 December 2021

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Directors' Report

For the Period ended 31 December 2021

The Directors of Papyrus Australia Ltd ('Papyrus') present their Report together with the financial statements of the consolidated entity, being Papyrus Australia Ltd ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2021.

Director Details

The following persons were directors of Papyrus during the half year and until the date of this report unless otherwise stated.

Mr Edward Byrt, Chairman
Mr Ramy Azer, Managing Director
Mr Vincent Rigano, Non-Executive Director
Mr David Attias, Non-Executive Director
Ms Kerry Chikarovski, Executive Director (appointed 1 November 2021)

Review of Operations

1. In the six months to 31 December 2021 the Company has supported Papyrus Egypt ("PPYEg") to consolidate the developing banana fibre business being undertaken in Sohag, Egypt as previously reported.
2. Demand for PPYEg Musa liquid fertilizer continued to grow, resulting in the acquisition and installation of additional fibre processing equipment at the factory in Sohag Egypt to increase the production of Musa.
3. The Company completed a successful trial using its own factory-produced refined banana fibre pulp to produce commercial quantities of biodegradable moulded food packaging products in a conventional, off the shelf, moulding machine (ASX Announcement 17 September 2021).

This was a major milestone for the Company as it:

- Proved banana fibre pulp was a viable alternative to wood pulp in the making of moulded food packaging products
 - It was the first time refined banana fibre pulp was used on a standard moulding machine and production line
 - Demonstrated the commercial value of the Company's patented process of producing mechanically refined banana fibre pulp, and
 - Represented a significant IP gain on how to prepare waste banana fibre for moulding and how to set up moulding lines to successfully mould the Company's fibre products.
4. An Australian patent application for the innovative banana fibre production process which produces a cost-effective environmentally friendly fibre pulp ideal for use in moulded food packaging products (ASX Announcement: 22 September 2021). This patent application was an important first step in the Company acquiring broad-range international patent protection for this state-of-the-art zero waste process.

Directors' Report (cont.)

For the Period ended 31 December 2021

Review of Operations (cont.)

5. In October 2021, The Company's joint venture company, Papyrus Egypt (PPYEg) signed a 12 month operational lease of a fully operational moulded fibre packaging facility in Sharqiah Egypt (ASX Announcement: 21 October 2021) which included a right of renewal option for a further 2 years. The benefits of the lease are:

- The JV had immediate access to a toll manufacturing factory to fast track the commercial trial and development of its moulded banana fibre packaging products.
- The factory would be managed by the existing management and toll manufacturing staff
- The use of this factory conserved the use of the Company's capital that would otherwise have been required for PPYEg to then build its own moulded fibre products factory

6. In August 2021 a promotional services Deed was entered into with Sydney-based BPE Investments Pty Ltd (BPE – proprietor Ben Ellis) and Union Pacific Investments Pty Ltd (UPI – proprietor Siew Hong Koh) to assist the Company with its international business (ASX: Announcement: 30 August 2021).

The objective of the arrangement is for BPE and UPI to:

- Promote the Company to potential users of its environmentally beneficial technology
- Improve the Company's opportunities and profile in Australia and internationally
- Increase value for shareholders

The Deed stipulated that for the provision of the above services, the Company would issue a total of 20 million unlisted options jointly to BPE and UPI, for the consideration of \$0.0005 per option, exercisable at \$0.06 per option received, and an expiry date of 12 months from the date of issue.

7. In November 2021 Ms Kerry Chikarovski joined the Company as an Executive Director – Government Relations. (ASX Announcement: 1 November 2021). Ms Chikarovski's appointment is an important next step in facilitating the Company's strategic objectives in the Australian market, and as a former MP and leader of the NSW Liberal Party between 1999 and 2002, Ms Chikarovski brings to the Company highly valuable firsthand government knowledge and connections, and extensive community and stakeholder relations expertise to the Company.

Part of Ms Chikarovski's remuneration on appointment involved the issue of 4 million unlisted options exercisable at \$0.10 per unlisted option with an expiry date of 12 months from the date of issue (ASX Announcement: 4 November 2021).

8. The Company is meeting expenses as and when they fall due and there are no known unbudgeted expense items. The Directors have continued to forgo their remuneration.

Directors' Report (cont.)

For the Period ended 31 December 2021

Review of Operations (cont.)

9. The Company's Annual Report was published (ASX Announcement 30 October 2021). The Annual General Meeting was held on 26 November 2021 whereat the Chairman and Managing Director provided a briefing of the Company's operations and in particular progress in Egypt. (ASX Announcement 26 November 2021).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 6 of this financial report and forms part of this Directors' report.

Signed in accordance with a resolution of the directors.



Mr Ramy Azer
Director
25 February 2022

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

As lead auditor for the review of Papyrus Australia Ltd for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 25 February 2022

Consolidated statement of profit or loss and other comprehensive income

For the Period ended 31 December 2021

	Note	Consolidated Group	
		31 December 2021 \$	31 December 2020 (restated) \$
Other income		14	-
Consultancy expense		(126,999)	(176,892)
Employee benefit expense		(60,586)	-
Share based payment expense		(71,409)	(15,000)
Finance costs		-	(287)
Legal fees		-	(25,542)
Other expenses		(160,683)	(128,222)
Share of net profit of associate and joint venture		(99,056)	631,298
Profit/(loss) before income tax benefit		(518,719)	285,355
Income tax expense		-	-
Profit/(loss) for the period		(518,719)	285,355
Other comprehensive income		-	-
Total comprehensive income for the year		(518,719)	285,355
Profit/(loss) attributable to the parent		(518,719)	285,355
Profit/(loss) attributable to non-controlling interest		-	-
Profit/(loss) for the period		(518,719)	285,355
Total comprehensive income attributable to the parent		(518,719)	285,355
Total comprehensive income attributable to non-controlling interest		-	-
Total comprehensive income for the year		(518,719)	285,355
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.12)	0.09
Diluted earnings per share		(0.12)	0.09

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated statement of financial position

As at 31 December 2021

		Consolidated Group	
		31 December 2021	30 June 2021
		\$	\$
Note			
	CURRENT ASSETS		
	Cash and cash equivalents	1,439,589	2,071,640
6	Trade and other receivables	738,785	452,634
	Prepayments	-	9
	TOTAL CURRENT ASSETS	2,178,374	2,524,283
	NON-CURRENT ASSETS		
7	Investments accounted for using the equity method	1,200,522	1,299,578
	TOTAL NON-CURRENT ASSETS	1,200,522	1,299,578
	TOTAL ASSETS	3,378,896	3,823,861
	CURRENT LIABILITIES		
	Trade and other payables	114,261	121,916
	TOTAL CURRENT LIABILITIES	114,261	121,916
	TOTAL LIABILITIES	114,261	121,916
	NET ASSETS	3,264,635	3,701,945
	EQUITY		
10	Issued capital	25,032,581	25,032,581
11	Reserves	1,033,987	952,578
	Accumulated losses	(22,801,933)	(22,283,214)
	Total equity attributed to owners of the parent	3,264,635	3,701,945
	TOTAL EQUITY	3,264,635	3,701,945

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated statement of changes in equity

For the Period ended 31 December 2021

	Note	Issued Capital \$	Accumulated losses \$	Share Option Reserve \$	Total \$
Balance at 1 July 2020 (restated)		21,395,581	(22,192,431)	915,722	118,872
<i>Comprehensive income</i>		-	-	-	-
Profit/(loss) for the period		-	(285,355)	-	(285,355)
Total comprehensive income for the period		-	(285,355)	-	(285,355)
<i>Total transactions with owners, in their capacity as owners, and other transactions</i>					
Shares Issued to sophisticated investor on 24 August 2020		30,000	-	-	30,000
Shares Issued to sophisticated investor on 2 October 2020		132,900	-	-	132,900
Shares Issued for part conversion of loan on 17 November 2020		230,000	-	-	230,000
Shares issued as a result of AGM resolution on 17 November 2020		367,100	-	-	367,100
Shares issued via private placement on 4 December 2020		735,000	-	-	735,000
Shares Issued via private placement on 10 December 2020		2,142,000	-	-	2,142,000
Issues of share options		-	-	15,000	15,000
Total transactions with owners and other transactions		3,637,000	-	15,000	3,652,000
Balance at 31 December 2020 (restated)		25,032,581	(22,477,786)	930,722	3,485,517
Balance at 1 July 2021		25,032,581	(22,283,214)	952,578	3,701,945
<i>Comprehensive income</i>					
Other comprehensive income		-	-	-	-
Profit/(loss) for the year		-	(518,719)	-	(518,719)
Total comprehensive income for the period		-	(518,719)	-	(518,719)
Share based payment		-	-	71,409	71,409
Unlisted Options Issued to sophisticated investor on 20 August 2021		-	-	10,000	10,000
Total transactions with owners and other transactions		-	-	81,409	81,409
Total equity of parent at 31 December 2021		25,032,581	(22,801,933)	1,033,987	3,264,635

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated statement of cash flows

For the Period ended 31 December 2021

	Consolidated Group	
	31 December 2021 \$	31 December 2020 (restated) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(366,490)	(325,789)
NET CASH USED IN OPERATING ACTIVITIES	(366,490)	(325,789)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan made to joint venture entity	(275,561)	(115,439)
Payments for Investments	-	(59,202)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(275,561)	(174,641)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	10,000	3,637,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,000	3,637,000
Net (decrease)/increase in cash and cash equivalents	(632,051)	3,136,570
Cash at the beginning of the financial period	2,071,640	28,142
CASH AT THE END OF THE FINANCIAL PERIOD	1,439,589	3,164,712

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

Notes to the Financial Statements

For the Period ended 31 December 2021

1. Nature of operations

Papyrus Australia Ltd's principal activities is to continue its commercialisation strategy of being a technology licensing Group assisting suitable entities to establish banana veneering and panel production factories in locations worldwide where bananas are grown.

2. General information and basis of preparation

The consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2021 and are presented in Australian dollars (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2021 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The Company is a for profit entity for the purposes of preparing its financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 25 February 2022.

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2021.

(a) Investment in associate and joint venture

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

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

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

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

Notes to the Financial Statements (cont.)

For the Period ended 31 December 2021

3. Significant accounting policies (continued)

(a) Investment in associate and joint venture (continued)

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

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

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

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2021 annual report.

5. Operating segments

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 remains focused on the research, development and commercialisation of the Group's Banana Ply Paper (BPP) technology globally.

Notes to the Financial Statements (cont.)

For the Period ended 31 December 2021

6. Trade and other receivables

	Consolidated Group	
	31 December 2021 \$	31 December 2020 \$
CURRENT		
Other receivables	738,745	449,273
GST recoverable	40	3,361
Total	738,785	452,634
	738,785	452,634

Other Receivables represents amounts receivable from Papyrus Egypt. The balance is interest free and repayable on demand.

7. Investments

	Consolidated Group	
	31 December 2021 \$	30 June 2021 \$
Investment accounted for using the equity method	1,200,522	1,299,518
	1,200,522	1,299,518

Investments accounted for using the equity method

Name	Classification	Place of Business/ Incorporation	Measurement Method	Carrying amount	
				31 December 2021	30 June 2021
Egyptian Banana Fibre Company	Associate	Sohag, Egypt	Equity method	1,200,522	1,299,578
Papyrus Egypt	Joint Venture	Sohag, Egypt	Equity method		

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

Notes to the Financial Statements (cont.)

For the Period ended 31 December 2021

7. Investments (Continued)

During the financial year ended 30 June 2021, the Group progressively acquired, in total, additional 26.22% shareholding in Egyptian Banana Fibre Company for a consideration of \$554,177. The goodwill balance relating to these transactions was included in the carrying amount of the investment. During the half year ended 31 December 2021, 19.81% shareholding in Egyptian Banana Fibre Company was transferred to Papyrus Egypt

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

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

During the preparation of the accounts for the year ended 30 June 2021, the Group revisited this assessment and concluded that the Group had joint control, rather than control in its own right in relation to Papyrus Egypt with the other party sharing the joint control being Egyptian Banana Fibre Company. As a result, Papyrus Egypt should have been accounted for using the equity method in accordance with AASB 128 Investment in Associates and Joint Ventures rather than the acquisition method under AASB 3 Business Combinations.

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

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

	Reported 31 December 2020 \$	Adjustments	Restated Half- year ended 31 December 2020
Revenue from operating activities	197,899	(197,899)	-
Costs of sales	(73,729)	73,729	-
Gross profits	124,170	(124,170)	-
Other income [*]	88,545	(88,545)	-
Gain on bargain purchase of Papyrus Egypt	455,577	(455,577)	-
Depreciation expenses	(21,508)	21,508	-
Consultancy expense	(186,740)	9,848	(176,892)
Share based payment expense - director options	(15,000)	-	(15,000)
Finance costs	(287)	-	(287)
Legal fees	(25,542)	-	(25,542)
Other expenses [*]	(238,680)	110,458	(128,222)
Share of net profit of associate and joint venture	-	631,298	631,298
Profit/ (loss) before income tax benefit	180,535	104,820	285,355
Income tax expense	-	-	-
Profit/ (loss) for the period	180,535	104,820	285,355
Other comprehensive income	(4,197)	4,197	-
Total comprehensive income for the period	176,338		
Profit/(loss) attributable to the parent	148,835	136,520	285,355
Profit/(loss) attributable to non-controlling interest	31,700	(31,700)	-
Total comprehensive income attributable to the parent	144,638	160,597	285,355
Total comprehensive income attributable to non-controlling interest	31,700	(31,700)	-

Notes to the Financial Statements (cont.)

For the Period ended 31 December 2021

7. Investments (Continued)

The impact on the reported statement of financial position:

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

[*] - The adjustment impacts included the effect of prior period errors as disclosed in the annual report 30 June 2021.

During the half year ended 31 December 2021, the Group recognised a loss of \$99,056 with regard to its net share of losses in the joint venture company.

Notes to the Financial Statements (cont.)

For the Period ended 31 December 2021

8. Other liabilities

	Consolidated Group	
	31 December 2021 \$	30 June 2021 \$
Current		
Payables	114,262	121,916
Total non-current other liabilities	114,262	121,916

9. Share capital

	Consolidated Group	
	31 December 2021 \$	30 June 2021 \$
427,710,666 fully paid ordinary shares (30 June 2021: 427,710,666)	25,032,581	25,032,581
	25,032,581	25,032,581

	2021	
	Number	\$
Ordinary shares		
Balance at beginning of period (1 July 2021)	427,771,666	25,032,581
Balance at end of period (31 December 2021)	427,771,666	25,032,581

10. Reserves

	31 December 2021 \$
Reserve	
Balance at 1 July 2021	952,578
Share based payments	71,409
Options issued to sophisticated investor	10,000
Balance at end of financial period	1,033,987

Notes to the Financial Statements (cont.)

For the Period ended 31 December 2021

10. Reserves (continued)

This reserve is used to record share based payments which records the value of equity benefits provided to employees and directors as part of their remuneration and options issued to shareholders in their capacity as shareholders.

On 2 May 2021, shareholders approved the issue of 500,000 share options to an employee of the company. An expense of \$6,577 in relation to these options has been recognized in this half year report.

On 4 November 2021, 4,000,000 share options to a Director of the company, these options vested immediately and an expense of \$64,832 has been recognized in this half year period.

For the options expense recognised in the half year period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free rate	Fair value at grant date
2 May 2021	4 May 2026	\$0.039	\$0.02	174.9%	2.5%	\$0.0355
2 May 2021	4 May 2026	\$0.039	\$0.04	168%	2.5%	\$0.0343
4 November 2021	4 November 2022	\$0.057	\$0.01	115%	1%	\$0.0162

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

Notes to the Financial Statements (cont.)

For the Period ended 31 December 2021

11. Subsequent events

On 7 February 2022, the leased moulded fibre packaging facility in Sharqiah, Egypt had produced a world first 100% Fibre Clam Shell moulded product. With the achievement of this milestone, the Company is in a position to provide these samples to potential clients, including those interested in establishing a banana fibre food packaging products facility.

This outcome represents a significant IP gain in the preparation of banana fibre for moulding, the design of the moulds themselves, and the construction of moulding lines to successfully mould the Company's banana fibre products.

On 19 January 2022, L39 Capital Pty Ltd converted 5,000,000 unlisted options to ordinary shares at a price of \$0.015 per share, with a further 10,000,000 unlisted options to ordinary shares at a price of \$0.015 per share on the 24 January 2022.

On the 14 February 2022, the Company "PPY" signed a Partnership Agreement with Al Ahram for Plastics Manufacturing in Egypt "Al Ahram" to enable the transition from plastic to banana fibre based packaging – the first such transition worldwide and the beginning of a new era of sustainable packaging products in Egypt

The Partnership Agreement contemplates the following process, namely:-

- A new joint venture company "JVC" to be established in Egypt operating within the existing Al Ahram facilities in Sohag, with Al Ahram holding 65% equity and PPY the remaining 35%.
- Papyrus Egypt will produce and sell the required refined banana fibre to JVC on commercial terms for the production of moulded fibre products in Sohag.
- Al Ahram will provide the factory building at Sohag Egypt to the JVC on commercial terms to be agreed, to house the moulded product manufacturing equipment and production lines.
- The Partnership agreement requires the preparation of a business plan with input by both parties which is underway.

The leased Sharqiah factory commenced commercial production of moulded banana fibre packaging products for the Egyptian market to customers who have directly approached Papyrus Egypt.

Mr Daniel Schmidt has been appointed by the Company as General Manager of Operations. Mr Schmidt will join the Company in early June 2022 and will be based in Adelaide.

12. Contingent liabilities and commitments

There are no contingent liabilities.

Directors Declaration

For the Period ended 31 December 2021

In the opinion of the directors of Papyrus Australia Ltd:

- (a) the consolidated financial statements and notes of Papyrus Australia Ltd are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Ramy Azer
Director

25 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF POPYRUS AUSTRALIA LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Papyrus Australia Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Company 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 (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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and 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 we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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 (SA) Pty Ltd

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

Andrew Tickle
Director

Adelaide, 25 February 2022