ASX RELEASE
31 October 2023

PAPYRUS EGYPT UPDATE

Papyrus Egypt Audited Accounts

Papyrus Australia Limited (ASX: PPY) is pleased to announce the publication of the audited accounts for the financial year ending 30 June 2023 (FY23), for our joint venture operation, Papyrus Egypt (which are appended hereto). The FY23 audited accounts demonstrate a significant transformation in our operations as we continue to expand our production of moulded fibre products, as well as continuing with R & D activities at the Sohag Factory.

- **Transition to Production of Moulded Fibre Products**: The audited accounts for FY23 reflect our shift in focus towards the production of moulded fibre products and our ongoing efforts to scale up the moulded products operation. This strategic move to support our advancing international business and strengthen our position as a world-leading agricultural waste fibre technology company, has resulted in increased R&D costs in the FY23 period (EGP 5 million compared to EGP 2 million in the prior period) and increased moulded products revenues (EGP 1.3 million compared to EGP 0.4 million in the prior period). While revenue remains at a pilot scale for the existing production facilities the installation of the equipment later this year for the Egyptian Government MP contract will provide state of the art commercial scale moulding production capacity.

- **Positive Net Assets**: During this transition and increased investment in production capabilities, we are delighted to report that the net assets of Papyrus Egypt remain positive at 3.5 million Egyptian Pounds (EGP) which underscores the financial stability and strength of our joint venture, during significant operational changes.

Papyrus Australia is dedicated to pioneering innovative, sustainable packaging solutions, and our joint venture with Papyrus Egypt is a key driver of these efforts. The transition to focus on moulded fibre products underscore our commitment to environmental responsibility and addressing the growing demand for eco-friendly packaging solutions. This strategic shift in focus benefits our business as we address our customer requests and contributes positively to our stakeholders and the environment.

Delivery of Equipment for the Egyptian Government Contract

Papyrus Australia Ltd is also pleased to announce the successful delivery to Egypt of all the processing equipment components required for the installation of the moulding line dedicated to producing banana fibre packaging products, as part of the Papyrus Egypt contract with the Egyptian Government's National Authority for Military Production (MP).

This significant milestone marks a pivotal step forward in fulfilling our obligations in the Cooperation Protocol and Roadmap we signed with the Egyptian Government.

Following the arrival and formal handover of these components, the MP will make the first payment milestone to Papyrus Egypt.

This MP milestone payment will provide Papyrus Egypt with operating capital and the ability to repay part its loan from Papyrus Australia to the value of USD $242,000.

The successful delivery of the major components for the MP contract is a testament to our commitment to technological innovation and international collaboration. We are excited to witness the positive impact our sustainable packaging solutions will have in Egypt and beyond, and we remain dedicated to achieving the highest standards of excellence in all our endeavours.

This significant development demonstrates our unwavering commitment to our international partnerships and the successful execution of our projects. We will continue to work diligently to meet the objectives of this significant contract and to contribute to the growth of our business and the communities where we work.

Papyrus Australia Limited remains dedicated to achieving our mission of transforming the packaging industry through sustainable, innovative, and environmentally responsible solutions and looking beyond to the economic and social opportunities for communities.

We look forward to continuing to provide updates on our progress and development.

Edward Byrt
Chairman

About Papyrus Australia Ltd:
Papyrus Australia Ltd (ASX: PPY) is a pioneering company specializing in the development and production of sustainable packaging solutions utilizing banana fibre. The company is dedicated to environmental responsibility and continuing innovation, aiming to deliver real solutions to the core environmental impacts of decomposing agri–waste and the ever-growing problem we face globally, with abundant plastic packaging.

ENDS

Papyrus Egypt LLC

Statutory Accounts

For the Year Ended 30 June 2023

Papyrus Egypt LLC

Contents

Papyrus Egypt LLC

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023

	Note	30 June 2023	30 June 2022
		EGP	EGP
Revenue	**2 (a)**	1,956,811	2,369,270
Cost of sales		(453,626)	(317,798)
Employment expenses	2 (b)	(2,453,689)	(830,270)
Depreciation expense		(1,236,198)	(1,129,070)
Marketing expenses		(943,693)	(675,023)
Research & development expenses		(5,054,240)	(2,154,323)
Other expenses	**2 (c)**	(777,089)	(1,678,809)
Loss before income tax benefit		(8,961,724)	(4,416,023)
Income tax benefit	**3**	-	-
Loss for the period		(8,961,724)	(4,416,023)
Other comprehensive income		-	-
Total comprehensive income for the year		(8,961,724)	(4,416,023)
Loss for the year		(8,961,724)	(4,416,023)
Total comprehensive income attributable to members		(8,961,724)	(4,416,023)

The accompanying notes form part of these financial statements.

Papyrus Egypt LLC

Statement of Financial Position
As at 30 June 2023

	Note	30 June 2023 EGP	30 June 2022 EGP
CURRENT ASSETS			
Cash and cash equivalents	**4**	166,665	1,255,553
Trade and other receivables	**5**	175,095	839,506
Inventories	**6**	554,711	1,701,540
Other current assets		5,000	5,000
TOTAL CURRENT ASSETS66		901,471	3,801,599
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	21,598,378	21,371,290
TOTAL NON-CURRENT ASSETS		21,598,378	21,371,290
TOTAL ASSETS		22,499,849	25,172,889
CURRENT LIABILITIES			
Trade and other payables	**8**	19,011,775	13,444,091
TOTAL CURRENT LIABILITIES		19,011,775	13,444,091
NET ASSETS		3,488,074	11,728,798
EQUITY			
Issued capital	**9**	2,857,733	2,136,733
Retained earnings		630,340	9,592,064
TOTAL EQUITY		3,488,074	11,728,798

The accompanying notes form part of these financial statements.

Papyrus Egypt LLC

Statement of Changes in Equity
For the Year Ended 30 June 2023

	Note	Issued Capital EGP	Retained Earnings EGP	Total EGP
Balance at 1 July 2021		2,136,733	14,008,088	16,144,820
Comprehensive income				
Loss for the year		-	(4,416,023)	(4,416,023)
Total comprehensive income for the period		-	(4,416,023)	(4,416,023)
transactions with owners, in their capacity as owners, and other transactions		-	-	-
Total transactions with owners and other transactions	9	-	-	-
Balance at 30 June 2022		2,136,733	9,592,065	11,728,797
Balance at 1 July 2022		2,136,733	9,592,065	11,728,797
Comprehensive income				
Loss for the year		-	(8,961,724)	(8,961,724)
Total comprehensive income for the period		2,136,733	(8,961,724)	(8,961,724)
transactions with owners, in their capacity as owners, and other transactions				
Shares issued on 29 March 2023		220,000	-	220,000
Shares issued on 2 April 2023		130,000	-	130,000
Shares issued on 21 May 2023		100,000	-	100,000
Shares issued on 21 June 2023		242,000	-	242,000
Shares issued on 22 June 2023		29,000	-	29,000
Total transactions with owners and other transactions	9	721,000	-	721,000
Balance at 30 June 2023		2,857,733	630,341	3,488,074

The accompanying notes form part of these financial statements.

Papyrus Egypt LLC

Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	30 June 2023 EGP	30 June 2022 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,621,222	1,589,993
Payments to suppliers and employees		(9,166,207)	(6,093,737)
NET CASH USED IN OPERATING ACTIVITIES	**10**	(6,544,985)	(4,503,744)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase property, plant & equipment		(618,286)	(2,952,633)
CASH FLOWS USED IN FINANCING ACTIVITIES		(618,286)	(2,952,633)
Proceeds from issue of shares		721,000	-
Receipt from related parties		5,353,383	6,613,400
Repayment of borrowings		-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		6,074,383	6,643,400
Net (decrease) in cash and cash equivalents		(1,088,888)	(842,977)
Cash at the beginning of the financial year		1,255,553	2,098,530
CASH AT THE END OF THE FINANCIAL YEAR	4(a)	166,665	1,255,553

The accompanying notes form part of these financial statements.

Papyrus Egypt LLC

ABN 63 110 868 409

Notes to the Financial Statements

For the year ended 30 June 2023

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 loss before comprehensive income of EGP8,961,724 (2022: EGP4,416,023) and had net cash outflows of EGP6,544,985 (2022: EGP4,503,744) as at 30 June 2023.

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 either through an additional placement;
- the potential cash flows resulting from the revenue generated from the sale of fibre to the Egyptian Government(“EM”) project and the offtake contact income for the sale of output generated by EM project;
- the execution of potential contracts with other Government governorates for the establishment of similar facilities to the EM project.
- the ongoing financial support of 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.

(b) Revenue and other income

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

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

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

Interest revenue

Interest is recognised using the effective interest method.

(c) Finance costs

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

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

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short- term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(e) 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.

(f) Income Tax

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

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax is not provided for the following:

The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Taxable temporary differences arising on the initial recognition of goodwill.
Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

Unrecognised deferred income tax assets are reassessed each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

Papyrus Egypt LLC

ABN 63 110 868 409

Notes to the Financial Statements

For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST.

Receivables and payable are stated inclusive of GST.

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

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

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

(h) 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.

(i) Financial instruments

Initial recognition and measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets (continued)

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement of financial assets at amortised cost
The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Statements (continued)

Impairment of financial assets (continued)
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(j) Financial liabilities
Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(k) Impairment of non-financial assets
At the end of each reporting period, the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash- generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash- generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

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

(m) 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(o) Critical accounting estimates and judgments

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

Except as described below, in preparing this report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ended 30 June 2023.

Key estimates Impairment of assets

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

2 REVENUE AND EXPENSES

	30 June 2023	30 June 2022 EGP
REVENUE		
(a) Other income		
Revenue from contracts with customers		
Sales of goods	**1,765,624**	2,315,344
Other income		
Other income	**191,187**	53,926
	1,956,811	2,369,270
Disaggregation of revenue		
The disaggregation of revenue from contracts with customers is as follows:		
Geographical regions		
Egypt	**1,765,624**	2,315,344
Timing of revenue recognition		
Goods transferred at a point in time	**1,765,624**	2,315,344
Major product lines		
Food packaging products	**1,290,404**	406,072
Musa liquid fertilizer	**463,360**	1,886,670
Other	**11,860**	-
	1,765,624	2,315,344
EXPENSES		
(b) Employee benefit expenses		
Wages, salaries and other remuneration expenses	**2,453,689**	830,270
Total employee benefit expenses	**2,453,689**	830,270
(c) Other expenses		
Taxes	**25,000**	5,236
Bad debts expense	**740,064**	439,605
Loss on investment	**-**	79,640
Other expenses	**12,025**	1,154,328
	777,089	1,678,809

3 INCOME TAX EXPENSE

The major components of tax expense (income) comprise:

	30 June 2023 EGP	30 June 2022 EGP
Income tax expense	**-**	-

A reconciliation between tax expense and the product of accounting Loss before income tax multiplied by the Group's applicable income tax

Loss before income tax	**(8,961,724)**	(4,416,023)
At the Company's income tax rate of 22.5% (2022:22.5%)	**(2,016,388)**	(993,605)
Expenditure not allowable for income tax purposes	**-**	-
Tax losses not recognised due to not meeting recognition criteria	**2,016,388**	993,605
	-	-

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

4 CASH AND CASH EQUIVALENTS

	30 June 2023 EGP	30 June 2022 EGP
Cash at bank and in hand	**166,665**	1,255,553
	166,665	1,255,553

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(a) Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash at bank and in hand	**166,665**	1,255,553
	166,665	1,255,553

5 TRADE AND OTHER RECEIVABLES

	30 June 2023 EGP	30 June 2022 EGP
CURRENT		
Trade receivables	**175,095**	839,506
	175,095	839,506

6 INVENTORIES

	30 June 2023 EGP	30 June 2022 EGP
Raw materials	**462,006**	431,767
Finished goods	**92,705**	1,269,773
Total	**554,711**	1,701,540

7 PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 EGP	30 June 2022 EGP
LAND AND BUILDINGS		
Freehold land at cost	**9,322,057**	9,322,057
Total land	**9,322,057**	9,322,057
Buildings at cost	**4,483,490**	4,483,490
Less accumulated depreciation	**(1,021,372)**	(909,285)
Total buildings	**3,462,118**	3,574,205
Total land & buildings	**12,784,175**	12,896,262
PLANT AND EQUIPMENT		
Plant and equipment at cost	**11,082,624**	9,619,338
Accumulated depreciation and impairment	**(2,268,421)**	(1,144,310)
Total plant & equipment	**8,814,203**	8,475,028
Total property, plant & equipment	**21,598,378**	21,371,290

7 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Movements in carrying amounts of plant and equipment

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

	Property, Plant and Equipment EGP
Year ended 30 June 2023	
Balance at the beginning of year	**21,371,290**
Additions	**618,286**
Reversal of impairment	**845,000**
Depreciation expense	(1,236,198)
Balance at the end of the year	**21,598,378**
Year ended 30 June 2022	
Balance at the beginning of year	19,547,727
Additions	2,952,633
Depreciation expense	(1,129,070)
Balance at the end of the year	21,371,290

8 TRADE AND OTHER PAYABLES

	Note	30 June 2023 EGP	30 June 2022 EGP
CURRENT			
Trade payables	8 (a)	**471,891**	257,590
Other payables	8 (b)	**18,539,884**	13,186,501
		19,011,775	13,444,091
NON-CURRENT			
Other payables		**-**	-
		19,011,775	13,444,091

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

Information regarding the risks associated with current payables is set out in Note 13.

(b) Other payables
Other payables relate to loan funds provided by Papyrus Australia Ltd EGP16,678,151 (2022: EGP11,924,768) and Ramy Azer EGP1,861,733 (2022: EGP1,261,733), the loans are not interest bearing and are repayable from future cashflows.

9 ISSUED CAPITAL

Total issued capital	**2,857,733**	2,136,733

(a) Ordinary shares

	2023 EGP	2022 EGP	
At the beginning of the reporting period	2,136,733	2,136,733	
Shares issued on – 29 March 2023	220,000	-	
Shares issued on – 2 April 2023	130,000	-	
Shares issued on – 21 May 2023	100,000	-	
Shares issued on – 21 June 2023	242,000	-	
Shares issued on – 22 June 2023	29,000	-	
At the end of the reporting period	2,857,733	2,136,733	25,03

The shares were issued to private investors on the various dates referred to in the issued capital note above. With the funds raised for working capital purposes.

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

(b) Capital Management

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

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

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

10 RECONCILIATION OF NET LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

	30 June 2023 EGP	30 June 2022 EGP
Net loss	**(8,961,724)**	(4,416,023)
Non-cash flow in loss*:*		
- Depreciation expense	**1,236,198**	1,129,070
- Reverse impairment of fixed assets	**(845,000)**	-
- Provision for doubtful debts	**740,063**	439,605
Changes in assets and liabilities		
- Decrease/(Increase) in inventories	**406,766**	(1,372,524)
- Decrease/(Increase) in trade and other receivables	**664,411**	(285,746)
- (Decrease)/Increase in trade and other payables	**214,301**	1,874
Net cash (used in)/provided by operating activities	**(6,544,985)**	(4,503,744)

11 CONTINGENCIES AND COMMITMENTS

In the opinion of the managers, the Company did not have any commitment or contingencies at 30 June 2023 (2022: nil).

12 REMUNERATION OF AUDITORS

During the financial year the EGP360,080 fees were paid or payable for services provided by the Company's auditors and their network. firms:

No non - audit services have been provided.

13 FINANCIAL RISK MANAGEMENT

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

	Note	30 June 2023 EGP	30 June 2022 EGP
Financial assets			
Cash and cash equivalents	4	**166,665**	1,255,553
Trade and other receivables	5	**175,095**	1,279,111
Total financial assets		**341,760**	2,531,664
Financial Liabilities			
Financial liabilities at amortised cost		**-**	-
Trade and other payables	8	**19,011,775**	13,786,482
Total financial liabilities		**19,011,775**	13,786,482

Credit risk
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the LLC.

The LLC has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The LLC does not have any significant credit risk exposure to any single counterparty. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the LLC's maximum exposure to credit risk.

13 FINANCIAL RISK MANAGEMENT (continued)

Market risk

(i) Cash flow interest rate sensitivity

The LLC is exposed to interest rate risk as it holds some bank deposits at floating rates.

The LLC's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term deposits are therefore usually at fixed rates. At the reporting date, the LLC is exposed to changes in market interest rates through its short-term bank deposits, which are subject to variable interest rates.

(ii) Financial instrument composition and maturity analysis

The LLC is not materially exposed to any effects on changes in interest rates. The LLC's borrowings outstanding as at the reporting date 30 June 2023 of EGP18,539,884 (2022: EGP13,186,501) which are not interest bearing. Trade payables are often settled within 30day credit term and classified as current liabilities.

Liquidity risk
Liquidity risk arises from the LLC's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the LLC will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Management Members, whom have built an appropriate liquidity risk management framework for the management of the LLC's short, medium and long-term funding and liquidity management requirements. The LLC manages liquidity risk by maintaining adequate reserves.

14 RELATED PARTIES

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Mr Ramy Azer, was paid an annual displacement allowance equal of EGP834,000 plus reimbursement of expenses of EGP122,844 whilst he is in Egypt.

Ms Heba Nayle was paid an annual salary of EGP1,374,000 plus reimbursement of expenses of EGP122,844

(b) Interests of Key Management Personnel (KMP)

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of Key Management Personnel's interests in shares and options of the Company, refer to Key Management Personnel disclosures in the Remuneration Report contained in the Directors' Report.

The following individuals are classified as key management personnel in accordance with IFRS 24 'Related Party Disclosures'.

Mr Ramy Azer - Manager
Ms Heba Nayle - Manager

15 KEY MANAGEMENT PERSONNEL DISCLOSURES

Totals of remuneration paid.

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

	30 June 2023 EGP	30 June 2022 EGP
Short- term employee benefits	**2,453,688**	2,266,136
Post-employment benefits	**-**	-
Total remuneration paid to key management personnel	**2,453,688**	2,266,136

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 14: Related Parties.

16 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

Papyrus Egypt LLC

ABN 63 110 868 409

Directors' Declaration

The Managers of the Company declare that:

- the attached financial statements and notes comply with International Financial Reporting Standards;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial 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

13 October 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAPYRUS EGYPT LLC

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Papyrus Egypt LLC (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Papyrus Egypt LLC as at 30 June 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Auditing Standards (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial report in Australia and we fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Material uncertainty related to going concern

We draw attention to Note 1(a) 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 entity'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 opinion is not modified in respect of this matter.

Other matter

The corresponding figures for the year ended 30 June 2022 are unaudited.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO Audit Pty Ltd

Andrew Tickle
Director

Adelaide, 13 October 2023