Papyrus Australia Ltd

ABN 63 110 868 409

Annual Financial Report

For the Year Ended 30 June 2016

	Page
Consolidated Financial Statements	
Corporate Information	3
Directors' Report	4
Auditors Independence Declaration	12
Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Financial Statements	17
Directors' Declaration	41
Independent Audit Report	42

Corporate Information

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

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 4 to 11. The directors' report is not part of the financial report.

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

Company Secretary
Mr Vincent Peter Rigano

Registered Office
C/- HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
DULWICH SA 5065

Principal place of business
C/- HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
DULWICH SA 5065

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

Auditors
Grant Thornton Audit Pty Ltd
Level 1
67 Greenhill Road
WAYVILLE SA 5034

Directors' Report
30 June 2016

The Directors present their report, together with the financial statements of the Group, being Papyrus Australia Ltd (the Group) and its controlled entities, for the financial year ended 30 June 2016.

DIRECTORS
The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Edward Byrt, Chairman
Mr Ramy Azer, Managing Director
Mr Vincent Peter, Non-Executive Director
Mr Andrew Ford, Non-Executive Director
Mr Donald Stephens, (Resigned 24 August 2015)

Edward Byrt, LLB (Non-Executive Chariman)

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

Edward is a business advisor and Board member of several leading organisations in South Australia. He was until March 2015 Presiding Member of the Development Assessment Commission, he is Chairman of the China Cluster, The Australian Advanced Manufacturing Centre Pty Ltd, Red Chip Photonics Pty Ltd and Arkwright Technologies Pty Ltd, he was until December 2015 a Director of Treyo Leisure & Entertainment Ltd (ASX listed) and he is a Board member of the Aboriginal Foundation of South Australia Inc. He is also a member of the Company's Audit committee and has been a Director of Papyrus since 2004.

Ramy Azer, MSTC, MSc (Eng), Grad Dip Bus, Bachelor of Engineering (Mechanical), (Managing Director)

Ramy Azer is the founder and developed the Company's technology. He has been a regular guest lecturer and speaker on issues including sustainable business development and innovation. Ramy has been Managing Director since 2005 and prior to that had 10 years' experience with Papyrus Technology Pty Ltd.

Vincent Peter Rigano, BA Accounting, CPA (Non-Executive Director and Company Secretary)

Vincent is a CPA with over 25 years' experience in corporate accounting, management consulting and company secretarial. Vince was company secretary for a number of years for Papyrus.

Vincent provides management accounting and consulting services to a variety of industry sectors including start-ups.

He is also a member of the Company's Audit Committee.

Andrew Ford, B Arch (Non-Executive Director)

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

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

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

Donald Stephens, BA (Acc), FCA (Resigned 24 August 2015)

Donald is a Chartered Accountant and corporate adviser with over 30 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants.

Donald currently holds directorships in the following listed entities - Non-Executive Director of Lawson Gold Ltd and Mithril Resources Ltd; Company Secretary to Highfield Resources Ltd, Duxton Water Ltd and Lawson Gold Ltd

In the previous three years Donald has also held a directorship in Reproductive Health Science Ltd.

Directors' Report
30 June 2016

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The Group's commercialisation strategy remains focused on being a technology licensing Group assisting suitable entities to establish banana veneering and panel production factories in locations worldwide where bananas are grown.

There have been no significant changes in the nature of those activities during the year.

OPERATING RESULTS

The loss of the consolidated group after providing for income tax amounted to $199,492 (2015: $261,792).

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Papyrus Australia Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Edward Byrt	17,796,597	3,000,000
Mr Ramy Azer	29,203,853	3,000,000
Mr Vincent Peter Rigano	4,490,045	750,000
Mr Andrew Ford	1,046,090	750,000

DIVIDENDS

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

OPERATIONS REVIEW

Corporate

The Company's activities for the financial year 2016 were primarily focused on the managing its scarce working capital, consolidating the intellectual property portfolio, working with advisors in advancing a manufacturing facility in Far North Queensland, and most significantly progressing opportunities in Egypt.

The Company maintains its commercialisation strategy to be a technology licensing company assisting suitable entities to establish banana veneering and fibre production factories in locations worldwide where bananas are grown. The plan is that the Company's revenue will be generated from technology licensing fees, machinery sales, support services and dividends from any joint venture undertaken. The Company believes that by partnering with others to demonstrate the technology and its applications is the most prudent way forward initially.

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

The Company continued to review its Patent portfolio and maintains Patents as required and as announced during the year.

The Annual General Meeting of the Company was held on 26 November 2015, where the Chairman gave a comprehensive review of the Company's operations and strategic activities.

In summary, the financial year 2016 has been challenging, frustrating and eventually rewarding in progress made in Egypt.

Corporate (continued)

The challenge was to maintain all requisite activities on a very limited budget for which we thank our Business Manager Warwick Moyse.

The frustration was the inability to consummate the banana fibre product manufacturing project planned for Far North Queensland although the key "off-take" party remains contractually committed to the project. We have significantly reviewed and re-evaluated the project and presently have an Investment Proposal under review

The small reward came by mid 2016 with the factory in Sohag eventually being put into daily production for processing banana tree trunk to produce banana fibre for the manufacture of panelboard through local third parties, for which we thank our Managing Director – Ramy Azer – who has spent considerable time in Egypt supervising the establishment and ongoing commissioning of the machinery and factory, and supporting EBFC to progress the Papyrus Egypt project.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Managing Director – Ramy Azer – remains in Egypt to direct the ongoing commissioning of the banana veneering and fibre production machinery at the factory in Sohag which to be operated in joint venture by EBFC and the Company through Papyrus Egypt.

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2016.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group continues to investigate new opportunities for approval by the Company's shareholders and the ASX if required. The outcome of these investigations cannot be predicted at this time. The Group may require further capital to sustain its activities.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Group however believes that it has adequate systems in place for the management of any future environmental regulations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Managing Director – Ramy Azer – has recently returned to Egypt to direct the commissioning of the banana veneering and fibre production machinery at the factory in Sohag which to be operated in joint venture by EBFC and the Company through Papyrus Egypt.

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

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

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2015	Net Issued/ (Exercised or expired) during year	Date of Report
01/11/2011	30/06/2016	$0.12	750,000	(750,000)	-
16/12/2013	16/12/2016	$0.035	5,100,000	-	5,100,000
16/12/2013	16/12/2016	$0.05	4,100,000	-	4,100,000
14/10/2015	14/10/2018	$0.05		1,500,000	1,500,000
27/06/2016	27/06/2019	$0.05	-	750,000	750,000
27/06/2016	27/06/2019	$0.01	-	3,000,000	3,000,000
			9,950,000	4,500,000	14,450,000

Shares issued as a result of the exercise of options
No shares were issued during the year as a result of an exercise of options.

Directors' Report
30 June 2016

Options Expired
750,000 options expired during the period

New options issued
4,500,000 new options were issued during the period.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of $21,254 (2015: $19,510). The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

REMUNERATION REPORT - AUDITED

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

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

Employment contracts
The employment conditions of the Managing Director, Mr Ramy Azer, are formalised in a services contract between his related entity Talisker (SA) Pty Ltd and Papyrus Australia Ltd and his fee is $300,000 per annum (exclusive of GST). The Company may terminate the services contract without cause by providing one (1) month's written notice or making payment in lieu of notice, based on the annual fee. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. It is however noted that during the 2016 financial year, Mr Azer has agreed to forgo any remuneration due to the available working capital of the Company.

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

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

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

Non-executive Directors' fees are determined within an aggregate director's fee pool limit, which is periodically recommended for approval by shareholders. The pool does not include the remuneration payable to the Managing Director Mr Ramy Azer. The maximum currently stands at $300,000 per annum and was approved by shareholders prior to the Company listing in April 2005. It should be noted that the directors have not received any cash remuneration during the 2016 financial year.

USE OF REMUNERATION CONSULTANTS
During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2015 ANNUAL GENERAL MEETING
Papyrus Australia Ltd's motion in relation to the approval of 2015 remuneration report passed with a vote total of more than 95%. The Company did not receive any specific feedback at the AGM on its remuneration report.

Directors' Report
30 June 2016

REMUNERATION REPORT CONTINUED- AUDITED

Table 1: Director remuneration for the year ended 30 June 2016 and 30 June 2015

	Primary Benefits	**Post Employment**	**Share-based Payments**	**Total**
	Salary & Fees $	Superannuation $	Options $	$
Mr Edward Byrt				
2016	-	-	-	**-**
2015	-	-	-	**-**
Mr Ramy Azer				
2016	-	-	-	**-**
2015	-	-	-	**-**
Mr Vincent Rigano				
2016	-	-	3,183	**3,183**
2015	-	-	-	**-**
Mr Andrew Ford				
2016	-	-	3,183	**3,183**
2015	-	-	-	**-**
Mr Donald Stephens*	-	-	-	-
2016	-	-	-	-
2015	-	-	-	-
Total				
2016	-	-	6,366	**6,366**
2015	-	-	-	**-**

* Resigned 24 August 2015

Table 2: Remuneration of key management personnel for the year ended 30 June 2016 and 30 June 2015

	Primary Benefits	**Post Employment**	**Share-based Payments**	**Total**
	Salary & Fees	Superannuation	Options	$
Mr Geoff Whitbread**	$	$	$	
2016	-	-	1,690	**1,690**
2015	52,650	-	-	**52,650**
Total				
2016	-	-	-	**1,690**
2015	52,650	-	-	**52,650**

** Resigned during the previous financial year.

Directors' Report
30 June 2016

REMUNERATION REPORT CONTINUED- AUDITED

Options issued as part of remuneration during the year ended 30 June 2016

KMP	Number granted	Grant date	Value per option at grant date ($)	Value of options at grant date ($)	Number vested	Exercise price ($)	Vesting and first exercise date	Last exercise date
Mr Vincent Rigano	750,000	14/10/2015	$0.0042	$3,163	750,000	$0.05	14/10/2015	14/10/2018
Mr Andrew Ford	750,000	14/10/2015	$0.0042	$3,163	750,000	$0.05	14/10/2015	14/10/2018
Mr Geoff Whitbread	750,000	27/06/2016	$0.0023	$1,690	750,000	$0.05	27/06/2016	27/06/2019

Options holdings of Key Management Personnel

	Balance at 1 July 2015	Granted as remuneration	Other changes	Balance at 30 June 2016	Vested and Exercisable at 30 June 2016
R Azer	3,000,000	-	-	3,000,000	3,000,000
E Byrt	2,000,000	-	1,000,000	3,000,000	3,000,000
D Stephens	1,500,000	-	(1,500,000)	-	-
V Rigano	-	750,000	-	750,000	750,000
A Ford	-	750,000	-	750,000	750,000
Total	**6,500,000**	**1,500,000**	**(1,500,000)**	**7,500,000**	**7,500,000**

Key Management Personnel Shareholdings

	Balance at 1 July 2015	Granted as remuneration	Other changes	Balance at 30 June 2016
R Azer	29,203,853	-	-	29,203,853
E Byrt*	16,796,597	-	1,000,000	17,796,597
D Stephens**	975,630	-	(975,630)	-
V Rigano	4,490,045	-	-	4,490,045
A Ford	1,046,090	-	-	1,046,090
	52,512,215	**-**	**24,370**	**52,536,585**

* During the year Mr Byrt purchased 1,000,000 via a placement to sophisticated investors

**D Stephens resigned 24 August 2015

Other transactions with key management personnel

1. The Company has an unsecured loan representing a draw down facility provided by Talisker Pty Ltd, an entity associated with the Company's Managing Director, Mr Ramy Azer. The loan is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors. The balance of the loan at 30 June 2016 is $298,656 (2015: $300,157). Interest of $10,240 has accrued during the year and is unpaid at 30 June 2016.
2. The Company has unsecured loans with E Byrt and V Rigano. The loans are short-term in nature and no interest is payable. The balances of the loans at 30 June 2016 were:

	Balance at 30 June 2016
E Byrt	11,769
V Rigano	28,202

END OF AUDITED REMUNERATION REPORT

Directors' Report
30 June 2016

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

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

Members acting on the audit committee of the Board are:

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 12.

Signed in accordance with a resolution of the directors.

Mr Ramy Azer
Director

30 September 2016

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PAPYRUS AUSTRALIA LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Papyrus Australia Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner – Audit & Assurance

Adelaide, 30 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

		Consolidated Group	
		30 June 2016 $	**30 June 2015 $**
Revenue from operating activities		**-**	-
Other income	**3 (a)**	74,197	174,026
Depreciation expense	**3 (b)**	(73,197)	(88,326)
Employee benefits expenses	**3 (c)**	(29,504)	(143,191)
Other expenses	**3 (d)**	(160,747)	(204,301)
Finance costs		(10,241)	-
Loss before income tax benefit		(199,492)	(261,792)
Income tax benefit	**4**	-	-
Loss for the year		(199,492)	(261,792)
Loss attributable to members of the parent entity		(199,492)	(261,792)
Other comprehensive income		-	-
Total comprehensive income for the year		(199,492)	(261,792)
Total comprehensive income attributable to members of the parent entity		(199,492)	(261,792)
Earnings per share:		*Cents*	*Cents*
Basic earnings per share	**5**	(0.10)	(0.14)
Diluted earnings per share	**5**	(0.10)	(0.14)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
For the Year Ended 30 June 2016

	Note	Consolidated Group 30 June 2016 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents	**6**	**30,361**	3,589
Trade and other receivables	**7**	**4,775**	7,451
TOTAL CURRENT ASSETS		**35,136**	11,040
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	**450,708**	542,091
TOTAL NON-CURRENT ASSETS		**450,708**	542,091
TOTAL ASSETS		**485,844**	553,131
CURRENT LIABILITIES			
Trade and other payables	**9**	**41,793**	96,098
Short-term borrowings	**10**	**338,627**	300,157
Other current liabilities	**11**	**167,860**	150,000
TOTAL CURRENT LIABILITIES		**548,280**	546,255
NON-CURRENT LIABILITIES			
Other non-current liabilities	**11**	**513,540**	521,416
TOTAL NON-CURRENT LIABILITIES		**513,540**	521,416
TOTAL LIABILITIES		**1,061,820**	1,067,671
NET LIABILITIES		**(575,976)**	(514,540)
EQUITY			
Issued capital	**12**	**20,199,691**	20,069,691
Reserves	**13**	**915,722**	907,666
Accumulated losses		**(21,691,389)**	(21,491,897)
TOTAL DEFICIT		**(575,976)**	(514,540)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2016

		Consolidated Group			
	Note	**Issued Capital $**	**(Accumulated losses) $**	**Share Option Reserve $**	**Total $**
Balance at 1 July 2014		19,984,691	(21,230,105)	907,666	(337,748)
Comprehensive income					
Loss for the year		-	(261,792)	-	(261,792)
Other comprehensive income/(expenses)		-	-	-	-
Total comprehensive income for the year		-	(261,792)	-	(261,792)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued via private placement on 9 October 2014	**12**	30,000	-	-	30,000
Shares issued via private placement on 17 November 2014	**12**	30,000	-	-	30,000
Shares issued via private placement on 24 March 2015	**12**	25,000	-	-	25,000
Total transactions with owners and other transfers		85,000	-	-	85,000
Balance at 30 June 2015		20,069,691	(21,491,897)	907,666	(514,540)
Balance at 1 July 2015		20,069,691	(21,491,897)	907,666	(514,540)
Comprehensive income					
Loss for the year		-	(199,492)	-	(199,492)
Other comprehensive income/(expenses)		-	-	-	-
Total comprehensive income for the year		-	(199,492)	-	(199,492)
Transactions with owners, in their capacity as owners, and other transactions					
Shares issued via private placement on 11 September 2015	**12**	100,000	-	-	100,000
Shares issued via private placement on 27 June 2016	**12**	30,000			30,000
Employee share-based payment options				8,056	8,056
Total transactions with owners and other transfers		130,000	-	8,056	138,056
Balance at 30 June 2016		**20,199,691**	**(21,691,389)**	**915,722**	**(575,976)**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2016

		Consolidated Group	
	Note	30 June 2016 $	30 June 2015 $
CASH FLOW FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		**(243,065)**	(333,471)
NET CASH USED IN OPERATING ACTIVITIES	**14**	**(243,065)**	(333,471)
CASH FLOW FROM INVESTMENT ACTIVITIES			
Receipts of funding received in advance		**83,181**	-
Proceeds from sale of plant and equipment		**18,186**	85,700
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**101,367**	85,700
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**130,000**	85,000
Proceeds from borrowings		**48,370**	157,618
Repayment of borrowings		**(9,900)**	(7,618)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**168,470**	235,000
Net (decrease)/increase in cash and cash equivalents		**26,772**	(12,771)
Cash at the beginning of the financial year		**3,589**	16,360
CASH AT END OF FINANCIAL YEAR	**6 (a)**	**30,361**	3,589

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2016

This financial report covers the consolidated financial statements and notes of Papyrus Australia Ltd ('the Company') as an individual entity and the consolidated Group comprising Papyrus Australia Ltd and it's Controlled Entities ('the Group'). Papyrus Australia Ltd is a for-profit Group limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The financial statements were authorised for issue by the Board of Directors on 30 September 2016.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The separate financial statements and notes of the parent entity, Papyrus Australia Ltd, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity summary is included in note 22.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

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

(b) Principles of Consolidation

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

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

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

A list of controlled entities is contained in Note 18 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

1 Summary of Significant Accounting Policies (continued)

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(d) Revenue and other income

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

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

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

Sale of goods

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

Interest revenue

Interest is recognised using the effective interest method.

Grant revenue

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

Notes to the Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(e) 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.

(f) Cash and cash equivalents

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

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

(g) Trade and other receivables

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

(h) 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.

1 Summary of Significant Accounting Policies (continued)

(h) Income Tax (continued)

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 utlised.

Unrecognised deferred income tax assets are reassessed a 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.

(i) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

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

1 Summary of Significant Accounting Policies (continued)

(j) Plant and Equipment

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

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

Depreciation

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

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

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

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

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

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

(k) Intangible Assets

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

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

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

1 Summary of Significant Accounting Policies (continued)

(l) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Loans and receivables

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

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

Financial liabilities

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

Derecognition

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(m) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

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

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

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

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

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

(n) Trade and other payables

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

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

(p) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

1 Summary of Significant Accounting Policies (continued)

(q) Equity‑settled compensation

The Group provides benefits to employees of the Group in the form of share‑based payments, whereby employees receive options incentives (equity‑settled transactions).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) which provides benefits to employees.

The cost of these equity‑settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined using the Black‑Scholes option pricing model.

The cost of equity‑settled transactions is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

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

(r) 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.

(s) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to members of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In accordance with AASB 133 ‘Earnings per Share’, as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2016 and 2015.

(t) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.
Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening consolidated statement of financial position at the earliest date of the comparative period has been presented.

1 Summary of Significant Accounting Policies (continued)

(u) Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of $199,492 and a net cash outflow from operating activities of $243,065 during the year ended 30 June 2016. The Group is in a net deficit position of $575,976 at 30 June 2016. The Group continues to be economically dependent on the unsecured loan facility provided by an entity associated with the Managing Director, generation of cash flow from the business and/ or raising additional capital for the continued development of its Banana Ply Project and working capital. The Group continues to be in consultation with its advisers and potential partners to evaluate alternative means of raising additional capital.

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

(v) Critical accounting estimates and judgments

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

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

Key estimates - impairment

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

Key estimates - development cost

The Group has capitalised the development costs in relation to the development of the Banana Ply Technology. The recoverability of the asset is dependent on the successful commercialisation of the technology. As 30 June 2016, the commercialisation was not complete.

(w) Adoption of new and revised accounting standards

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2015:

• AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

• AASB 2012-3: AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets; and

• AASB 2015-1: Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).

Management has reviewed the requirements of the above standards and has concluded that there was no effect on the classification or presentation of balances.

1 Summary of Significant Accounting Policies (continued)

(x) New Accounting Standards and Interpretations

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

Standard Name	Effective date for Group	Requirements	Impact
B 1057 Application of Australian Accounting Standards	1 January 2016	In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards.	When this Standard is first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.
AASB 15 Revenue from Contracts with Customers	1 January 2018	AASB 15: • replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: – establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 16 Leases	1 January 2019	AASB 16: • replaces AASB 117 Leases and some lease-related Interpretations • requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases • provides new guidance on the application of the definition of lease and on sale and lease back accounting • largely retains the existing lessor accounting requirements in AASB 117 • requires new and different disclosures about leases	The entity is yet to undertake a detailed assessment of the impact of AASB 16.
AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)	1 January 2016	Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.	When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	Refer to the section on AASB 15 above.
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB. Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2016

Standard Name	Effective date for Group	Requirements	Impact
AASB 2016-2 Disclosure Initiative – Amendment to AASB 101	30 June 2017	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments: • clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information • clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated • add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position • clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.
Standards issued by the IASB, but not yet by the AASB			
Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	The amendments clarify the application of IFRS 15 in three (3) specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies: 1 Identify performance obligations (by clarifying how to apply the concept of 'distinct'); 2 Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle); 3 Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company's activities significantly affect the intellectual property to which the customer has rights). The amendments also create two (2) additional practical expedients available for use when implementing IFRS 15: 1 For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations. 2 Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented. The AASB is expected to publish the equivalent Australian amendments in quarter 2 of 2016.	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

2 Operating Segments

Segment information

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

The Group's commercialisation strategy remains focused on being a technology licensing Group assisting suitable entities to establish banana veneering and panel production factories in locations worldwide where bananas are grown.

Notes to the Financial Statements
For the Year Ended 30 June 2016

3 Revenue and expenses

	Consolidated Group	
	30 June 2016 $	30 June 2015 $
REVENUE		
(a) Other income		
Net profit on disposal of property, plant and equipment	**-**	85,700
Sundry income	**1,000**	-
Grant revenue	**73,197**	88,326
	74,197	174,026
EXPENSES		
(b) Depreciation of non-current assets		
Plant and equipment	**73,197**	88,326
Total depreciation	**73,197**	88,326
(c) Employee benefits expense		
Wages, salaries and other remuneration expenses	**28,545**	136,560
Superannuation expense	**959**	6,631
Total employee benefits expense	**29,504**	143,191
(d) Other expenses		
Audit fees	**16,485**	25,143
Legal fees	**149**	1,636
Professional services	**14,085**	20,533
Travel and accommodation	**22,184**	11,457
Governance and secretarial costs	**16,354**	22,832
Rent	**3,327**	1,555
Communications expense	**1,364**	6,556
Share registry and ASX expenses	**26,551**	60,981
Share based payments	**8,056**	-
Motor vehicle costs	**3,541**	11,344
Other expenses	**48,651**	42,264
	160,747	204,301

Notes to the Financial Statements
For the Year Ended 30 June 2016

4 Income Tax Expense

The major components of tax expense (income) comprise:

A reconciliation between tax expense and the product of accounting

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

Rate is as follows:

	Consolidated Group 30 June 2016 $	Consolidated Group 30 June 2015 $
Loss before income tax	**(199,492)**	(261,792)
At the Group's income tax rate of 30%	**(59,848)**	(78,538)
Expenditure not allowable for income tax purposes	**2,417**	26,498
Tax losses not recognised due to not meeting recognition criteria	**57,431**	52,040
	-	-

The Group has tax losses arising in Australia of $12,391,196 (2015: $12,199,760) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

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

5 Earnings per Share

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

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

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

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

	Consolidated Group 2016 $	Consolidated Group 2015 $
Net loss attributable to ordinary equity holders of the parent	**(199,492)**	(261,792)

Notes to the Financial Statements
For the Year Ended 30 June 2016

5 Earnings per Share (continued)

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

	2016	2015
Weighted average number of ordinary shares for basic earnings per share	**194,206,294**	182,426,842
Effect of dilution		
Share options	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**194,206,294**	182,426,842

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2016 or 2015. The number of options over ordinary shares at the balance date was 12,950,000 (2015: 9,950,000).

On 24 August 2015, the Company announced that it had entered into agreements with new and certain existing shareholders to raise $100,000 by way of a placement of 10,000,000 ordinary fully paid shares at a price of $0.01 per new share. On the 11 September 2015, the Company announced the placement was completed.

On 27 June 2016, the Company announced that it had entered into agreements with new and certain existing shareholders to raise $30,000 by way of a placement of 3,000,000 ordinary fully paid shares at a price of $0.01 per new share. On the 1 July 2016, the Company announced the placement was completed.

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

6 Cash and cash equivalents

	Note	Consolidated Group 2016 $	2015 $
Cash at bank and in hand		**30,361**	3,589
	6(a)	**30,361**	3,589

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	6	**30,361**	3,589
Balance as per consolidated statement of cash flows		**30,361**	3,589

Notes to the Financial Statements
For the Year Ended 30 June 2016

7 Trade and other receivables

	Consolidated Group 2016 $	Consolidated Group 2015 $
CURRENT		
Other receivables	**4,230**	540
Net GST receivable	**545**	6,911
Total current trade and other receivables	**4,775**	7,451

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

8 Plant and equipment

	Consolidated Group 2016 $	Consolidated Group 2015 $
PLANT AND EQUIPMENT		
Plant and equipment at cost	**1,961,165**	1,979,351
Accumulated depreciation and impairment	**(1,510,457)**	(1,437,260)
	450,708	542,091

(a) Movements in carrying amounts of plant and equipment

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

Consolidated	**Plant and Equipment $**
Year ended 30 June 2016	
Balance at the beginning of year	**542,091**
Disposals	**(18,186)**
Depreciation expense	**(73,197)**
Balance at the end of the year	**450,708**

Consolidated	**Plant and Equipment $**
Year ended 30 June 2015	
Balance at the beginning of year	630,417
Depreciation expense	(88,326)
Balance at the end of the year	542,091

Notes to the Financial Statements
For the Year Ended 30 June 2016

9 Trade and other payables

		Consolidated Group	
		2016	2015
	Note	$	$
CURRENT			
Trade payables	9 (a)	**19,507**	57,670
Sundry payables and accrued expenses		**22,286**	38,428
		41,793	96,098

(a) Trade payables

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

Information regarding the risks associated with current payables is set out in Note 19.

10 Borrowings

		2016	2015
CURRENT			
Unsecured liabilities			
Other loans	10(a)	**338,627**	300,157
Total unsecured liabilities		**338,627**	300,157

(a) Unsecured loan

The unsecured loan during the year represents a draw down facility provided by Talisker Pty Ltd, an entity associated with the Company's Managing Director, Mr Ramy Azer and short-term loans from other directors. The loan with Talisker Pty Ltd is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors. The loan is interest bearing at the rate of interest payable by the National Australia Bank Limited on 'Usaver savings accounts' or, '12 month term deposits' (whichever is greater) plus one percent (1%) and is considered payable at the time the loan is repaid.

11 Other liabilities

		Consolidated Group	
		2016	2015
		$	$
CURRENT			
Deferred income	11(a)	**167,860**	150,000
Total current other liabilities		**167,860**	150,000
NON-CURRENT			
Government grants received In advance	11(b)	**513,540**	521,416
Total non-current other liabilities		**513,540**	521,416

Notes to the Financial Statements
For the Year Ended 30 June 2016

11 Other liabilities (continued)

(a) Deferred income

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

(b) Government grants received in advance

The Company has been the recipient of two government grants that contained claw back provisions if certain performance targets were not met by the Company. The Company has fulfilled its contractual obligations under the respective Grant Deeds as at 30 June 2016. The Company has also filed all reports required of it pursuant to the Grant Deeds. In accordance with AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance', as the grants related to the Company's plant and equipment and intangibles, they have been deferred and have been systematically released to the consolidated statement of profit and loss and other comprehensive income with the depreciation and impairment of the relevant assets. For the year ended 30 June 2016, $73,197 has been released (2015: $88,326).

12 Issued capital

199,236,431 fully paid ordinary shares (2015: 186,236,431)	**20,199,691**	20,069,691
Total issued capital	**20,199,691**	20,069,691

(a) Ordinary shares

	Consolidated			
	2016 Number	**2016 $**	**2015 Number**	**2015 $**
At the beginning of the reporting period	**186,236,431**	**20,069,691**	177,736,431	19,984,691
Shares issued pursuant to private placement	**13,000,000**	**130,000**	8,500,000	85,000
At the end of the reporting period	**199,236,431**	**20,199,691**	186,236,431	20,069,691

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

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

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

(b) Capital Management

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

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2016

13 Reserves

	Note	Consolidated Group 2016 $	Consolidated Group 2015 $
Share-option reserve			
Balance at beginning of financial year		**907,666**	907,666
Share based payments		**8,056**	-
Balance at end of the year	13(a)	**915,722**	907,666

(a) Share option reserve

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

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

	2016 $	2015 $
Net loss	(199,492)	(261,792)
Non-cash flow In profit*:*		
- Depreciation	73,197	88,326
- Net profit from sale of plant and equipment	-	(85,700)
- Share based payments	8,056	-
Changes in assets and liabilities		
- Decrease/(Increase) in trade and other receivables	2,676	(5,430)
- Decrease/(Increase) in trade and other payables	(54,305)	19,451
- Increase/(Decrease) in deferred income	(73,197)	(88,326)
Net cash (used in)/provided by operating activities	**(243,065)**	(333,471)

15 Share based payments

(i) Employee Share Option Plan

The Group established the Papyrus Australia Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

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

Notes to the Financial Statements
For the Year Ended 30 June 2016

15 Share based payments (continued)

- If, prior to the expiry date of options, a person ceases to be an employee of the Group for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 30 days from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.

- Options can't be transferred other than to the legal personal representative of a deceased option holder.

- The Company will not apply for official quotation of any options issued under the plan.

- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

- Option holders may only participate in new issues of securities by first exercising their options.

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

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year:

A summary of the Group options issued is as follows:

2016 Exercise price WAEP	Start of the year No.	Granted during the year No.	Exercised during the year No.	Expired during the year No.	Balance at the end of the year No.	Vested and exercisable at the end of the year No.
0.50	750,000	-	-	(750,000)	-	-
0.04	9,200,000	-	-	-	9,200,000	9,200,000
0.05	-	2,250,000	-	-	2,250,000	2,250,000
	9,950,000	2,250,000	-	(750,000)	11,450,000	11,450,000

2015 Exercise Price WAEP	Start of the year No.	Granted during the year No.	Exercised during the year No.	Expired during the year No.	Balance at the end of the year No.	Vested and exercisable at the end of the year No.
0.05	750,000	-	-	-	750,000	750,000
0.04	9,200,000	-	-	-	9,200,000	9,200,000
	9,950,000	-	-	-	9,950,000	9,950,000

The weighted average remaining contractual life of options outstanding at year end was 2.93 years (2015: 1.43 years).

The range of weighted average exercise prices for options outstanding at the end of the year was $0.04 - $0.05 (2015: $0.04 - $0.50).

The weighted average fair value of employee options granted during the year was $0.05 (2015: Nil).

For the Year Ended 30 June 2016

15 Share based payments (continued)

The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period.

The following principal assumptions were used in the valuation:

Valuation assumptions		
Grant date	14/10/2015	27/06/2016
Vesting period ends	14/10/2015	27/06/2016
Number of options issued	1,500,000	750,000
Share price at date of grant	$0.01	$0.01
Volatility	109.3%	82.92%
Option life	3 years	3 years
Dividend yield	0	0
Risk free investment rate	1.88%	1.88%
Fair value at grant date	$0.004	$0.002
Exercise price at date of grant	$0.05	$0.05
Exercisable from	14/10/2015	27/06/2016
Exercisable to	14/10/2018	27/06/2019
Weighted average remaining contractual life	3 years	3 years

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time. No special features inherent to the options granted were incorporated into measurement of fair value.

16 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2016 (30 June 2015:Nil).

17 Remuneration of Auditors

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

- auditing or reviewing the financial report	**16,485**	25,143
Total remuneration of auditors	**16,485**	25,143

No non-audit services have been provided.

Notes to the Financial Statements
For the Year Ended 30 June 2016

18 Interest in Subsidiaries

Name of entity	Principal place of business / country of incorporation	Ownership Interest 2016 %	2015 %
Parent entity			
Papyrus Australia Ltd (a)	Australia		
Subsidiaries			
PPY EU Pty Ltd (b)	Australia	100	100
Papyrus Technology Pty Ltd (b)	Australia	100	100
PPY Manufacturing Pty Ltd (b)	Australia	100	100
Australian Advanced Manufacturing Centre Pty Ltd (b)	Australia	100	100
Pulp Fiction Manufacturing Pty Ltd (b)	Australia	100	100
Papyrus Egypt (c)	Egypt	50	50
Yellow Pallet B.V. (c)	The Netherlands	50	50

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

a. Papyrus Australia Ltd is the head entity within the tax-consolidated group.

b. These companies are members of the tax-consolidated group.

c. These entities were non-operating shell companies at 30 June 2016.

19 Financial Risk Management

Categories of financial instruments

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

	Note	Consolidated Group 2016 $	2015 $
Financial assets			
Cash and cash equivalents	6	30,361	3,589
Loans and receivables	7	4,775	7,451
Total financial assets		**35,136**	11,040
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	9	41,793	96,098
- Borrowings	10	338,627	300,157
Total financial liabilities		**380,420**	396,255

19 Financial Risk Management

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 Group.

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

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

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

(ii) Financial instrument composition and maturity analysis

The Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	$	$	$	$	$	$	$	$
Financial Assets:										
Cash and cash equivalents	-	-	**30,361**	3,589	-	-	-	-	**30,361**	3,589
Trade and other receivables	-	-	-	-	-	-	**4,775**	7,451	**4,775**	7,451
Total Financial Assets			**30,361**	3,589	-	-	**4,775**	7,451	**35,136**	11,040
Financial Liabilities:										
Trade and other payables	-	-	-	-			**41,793**	96,098	**41,793**	96,098
Borrowings	**3.35%**	-	-	-	**298,656**	300,157	**39,971**	-	**338,627**	300,157
Total Financial Liabilities			-	-	**298,656**	300,157	**81,764**	96,098	**380,420**	396,255

The Company is not materially exposed to any effects on changes in interest rates.

Liquidity risk

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2016

20 Related Parties

(a) Transactions with related parties

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

The following transactions occurred with related parties:

- The Company has an unsecured loan representing a draw down facility provided by Talisker Pty Ltd, an entity associated with the Company's Managing Director, Mr Ramy Azer. The loan is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors. The loan is interest bearing at the rate of interest payable by the National Australia Bank Limited on 'Usaver savings accounts' or, '12 month term deposits' (whichever is greater) plus one percent (1%) and is considered payable at the time the loan is repaid. The balance of the loan at 30 June 2016 is $298,656 (2015: $300,157). Interest of $10,240 has accrued during the year and is unpaid at 30 June 2016.

- The Company has unsecured loans with E Byrt and V Rigano. The loans are short-term in nature and no interest is payable. The balances of the loans at 30 June 2016 were:

	Balance at 30 June 2016
E Byrt	11,769
V Rigano	28,202

(b) Wholly owned group transactions

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

21 Key Management Personnel Disclosures

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

	2016 $	2015 $
Short-term employee benefits	-	52,650
Post-employment benefits	-	-
Share based payments	8,056	-
Total remuneration paid to key management personnel	8,056	52,650

The audited remuneration report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2016.

Other key management personnel transactions

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

22 Parent entity

The following information has been extracted from the books and records of the parent, Papyrus Australia Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Papyrus Australia Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments,

	2016 $	2015 $
Statement of Financial position		
Assets		
Current assets	**32,983**	6,976
Non-current assets	**-**	595,201
Total Assets	**32,983**	602,177
Liabilities		
Current Liabilities	**608,959**	595,301
Non-current liabilities	**-**	521,416
Total liabilities	**608,959**	1,116,717
Equity		
Issued capital	**20,199,691**	20,069,691
Accumulated losses	**(21,691,389)**	(21,491,897)
Reserves Total equity	**915,722**	907,666
	(575,976)	(514,540)
Statement of Profit or Loss and other Comprehensive Income		
Total loss for the year	**(199,492)**	(261,792)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(199,492)**	(261,792)

Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 16. The contingent liabilities of the parent are consistent with that of the Group.

Contractual commitments

Contractual commitments of the parent entity have been incorporated into the Group information in Note 16. The contractual commitments of the parent are consistent with that of the Group.

23 Events Occurring After the Reporting Date

The Managing Director – Ramy Azer – has recently returned to Egypt to direct the commissioning of the banana veneering and fibre production machinery at the factory in Sohag which to be operated in joint venture by EBFC and the Company through Papyrus Egypt.

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

Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes for the year ended 30 June 2016 are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Managing Director and Company Secretary have given the declarations required by Section 295A that:

    a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. In the directors opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

Mr Ramy Azer Managing Director

Dated this 30th day of September 2016

Adelaide, South Australia

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAPYRUS AUSTRALIA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Papyrus Australia Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion
In our opinion:

a the financial report of Papyrus Australia Limited is in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding going concern
The consolidated entity incurred a net loss after tax of $199,492 during the year ended 30 June 2016, and had a net cash outflow of $243,065 from operating activities. The consolidated entity continues to be reliant upon completion of capital raising for continued operations and the provision of working capital.

Without qualifying our audit opinion attention is drawn to Note 1(u) Going Concern in the financial report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Papyrus Australia Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner - Audit & Assurance

Adelaide, 30 September 2016