UNAUDITED

Papyrus Australia Limited

ABN 63 110 868 409

Preliminary Final ASX Report

for the year ended 30 June 2019

	2019 $A	2018 $A		Percentage change
Revenues from ordinary activities	-	-	-	-%
Loss from ordinary activities after tax attributable to the members	(109,781)	(125,374)	down	(12)%
Loss for the period attributable to members	(109,781)	(125,374)	down	(12)%

Dividends (distributions)

No dividend has been paid during the year ended 30 June 2019

The directors have not proposed a dividend for the year ended 30 June 2019

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

Basis of Financial Report Preparation

This financial report is for the year ended 30 June 2019 and has been prepared in accordance with the Australian Securities Exchange Listing rules as they relate to Appendix 4E and in accordance with the Corporations Act 2001. The accounting policies adopted with the contents of this report are consistent with those of the previous financial year and corresponding interim reporting period. Comments are for the twelve months ended 30 June 2019 with comparatives for the twelve months ended 30 June 2018 shown in parentheses. All amounts are measured in Australian Dollars, unless otherwise specified.

Audit Status

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

Consolidated statement of profit or loss and other Comprehensive income
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Consolidated Group	
		30 June 2019 $	30 June 2018 $
Revenue from operating activities			
Other income	2 (a)	130,388	51,998
Depreciation expense	2 (b)	(130,388)	(51,940)
Employee benefits expenses	2 (c)	(1,080)	(3,240)
Other expenses	2 (d)	(100,075)	(111,868)
Finance Costs		(8,626)	(10,324)
Loss before income tax benefit		(109,781)	(125,374)
Income tax benefit		-	-
Loss for the period		(109,781)	(125,374)
Loss attributable to members of the parent entity		(109,781)	(125,374)
Other comprehensive income		-	-
Total comprehensive income for the year		(109,781)	(125,374)
Total comprehensive income attributable to members of the parent entity		(109,781)	(125,374)
Earnings per share:		*Cents*	*Cents*
Basic earnings per share	3	(0.05)	(0.06)
Diluted earnings per share	3	(0.05)	(0.06)

Consolidsted statement of financial position
AS AT 30 JUNE 2019

	Note	Consolidated Group 30 June 2019 $	Consolidated Group 30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents	4	34,072	43,000
Trade and other receivables	5	1,147	1,663
TOTAL CURRENT ASSETS		35,219	44,663
NON-CURRENT ASSETS			
Property, plant and equipment	6	200,948	331,335
TOTAL NON-CURRENT ASSETS		200,948	331,335
TOTAL ASSETS		236,167	375,998
CURRENT LIABILITIES			
Trade and other payables	7	66,358	57,112
Short-term borrowings	8	319,834	318,742
Other current liabilities	9	233,180	233,180
TOTAL CURRENT LIABILITIES		619,372	609,034
NON-CURRENT LIABILITIES			
Other non-current liabilities	9	198,460	328,848
TOTAL NON-CURRENT LIABILITIES		198,460	328,848
TOTAL LIABILITIES		817,832	937,882
NET ASSETS / (LIABILITIES)		(581,665)	(561,884)
EQUITY			
Issued capital	10	20,558,821	20,468,821
Reserves	11	915,722	915,722
Accumulated losses		(22,056,208)	(21,946,427)
TOTAL EQUITY / (DEFICIT)		(581,665)	(561,884)

Consolidated statement of changes in equity
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Consolidated Group			
	Note	Issued Capital $	Retained Earnings/ (Accumulated losses) $	Share Option Reserve $	Total $
Balance at 1 July 2017		20,271,691	(21,821,053)	915,722	(633,640)
Comprehensive income					
Loss for the year			(125,374)		(125,374)
Other comprehensive income/(expenses)		-	-	-	-
Total comprehensive income for the period			(125,374)		(125,374)
transactions with owners, in their capacity as owners, and other transactions					
Shares issued via private placement on 30 August 2017		30,000	-	-	30,000
Shares issued via 2017 AGM resolutions on 19 December 2017		72,130			72,130
Shares Issued via exercise of options on 27 December 2017		15,000			15,000
Shares issued via exercise of options on 11 January 2018		10,000			10,000
Shares issued via exercise of options on 23 February 2018		20,000			20,000
Shares issued via private placement on 18 May 2018		40,000			40,000
Shares issued via conversion of options on 27 June 2018		10,000			10,000
Total transactions with owners and other transactions	**12**	197,130	-	-	197,130
Balance at 30 June 2018		20,468,821	(21,946,427)	915,722	(561,884)
Balance at 1 July 2018		20,468,821	(21,946,427)	915,722	(561,884)
Comprehensive income					
Loss for the year		-	(109,781)	-	(109,781)
Total comprehensive income for the period		-	(109,781)	-	(109,781)
transactions with owners, in their capacity as owners, and other transactions					
Shares Issued via exercise of options on 16 November 2018		45,000			45,000
Shares issued via exercise of options on 3 April 2019		5,000			5,000
Shares issued via private placement on 24 June 2019		40,000			40,000
Total transactions with owners and other transactions	**12**	90,000	-	-	90,000
Balance at 30 June 2019		20,558,821	(22,056,208)	915,722	(581,665)

Consolidated statement of cash flows
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 30 June 2019 $	30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(100,019)	(117,600)
NET CASH USED IN OPERATING ACTIVITIES		(100,019)	(117,600)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts of funding received in advance		-	-
Proceeds from sale of property, plant and equipment		-	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		90,000	125,000
Proceeds from borrowings		(1,091)	17,981
Repayment of borrowings		-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		91,091	142,981
Net (decrease)/increase in cash and cash equivalents		(8,928)	25,381
Cash at the beginning of the financial year		43,000	17,619
CASH AT THE END OF THE FINANCIAL YEAR	4	34,072	43,000

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

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

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

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

The consolidated Annual Financial Report is in the process of being audited and will be made available prior to 30 September 2019. This Report should also be read in conjunction with any public announcements made by Papyrus during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

b. Basis of consolidation

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

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

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

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

c. Business combinations

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

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

d. Revenue Recognition

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognisig revenue when/as performance obligation(s) are satisfied.

The group enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for the contract is allocated amongst the various performance obligation based on their relative stand-alone selling prices. The transaction price for a contract excludes any amount collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

e. Government grants

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

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

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

f. Borrowing costs

Borrowing costs are recognised as an expense when incurred.

g. Cash and cash equivalents

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

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

h. Trade and other receivables

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses ('ELCs') as allowed in accordance with AASB 9 Financial Instruments.

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

i. Income tax

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

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

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

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

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

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

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

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

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

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

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

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

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

j. Goods and Services Tax (GST)

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

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

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

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

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

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

k. Property, plant and equipment

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

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

Plant and equipment 2.5 - 10 years

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

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

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

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

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

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

l. 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.

m. Trade and other payables

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

n. 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.

o. Share-based payment transactions

The Group provides benefits to employees and consultants of the Group in the form of share-based payments, wereby employees or consultants receive option incentives (equity settled transactions). There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) which provides benefits to directors and employees.

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

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

p. Contributed equity

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

q. Earnings per share

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

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

r. Significant accounting judgements and key estimates

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

Except as described below, in preparing this report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2018.

In the year ended 30 June 2019, management reassessed its estimates in respect of:

Key Estimates — Impairment

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

2. PROFIT AND LOSS

	Consolidated Group	
	30 June 2019 $	30 June 2018 $
REVENUE		
(a) Other income		
Sundry Income	-	59
Grant revenue	130,388	51,939
	130,388	51,998
EXPENSES		
(b) Depreciation of non-current assets		
Plant and equipment	130,388	51,940
Total depreciation	130,388	51,940
(c) Employee benefits expense		
Wages, salaries and other remuneration expenses	1,080	3,240
Total employee benefits expense	1,080	3,240
(d) Other expenses		
Audit fees	31,294	21,875
Legal fees	15,275	7,967
Professional services	1,815	3,832
Governance and secretarial costs	5,487	1,402
Rent	336	3,679
Communications expense	526	381
Share registry and ASX expenses	44,792	58,056
Finance Costs	8,626	10,324
Other expenses	550	14,676
	108,701	122,192

3. EARNINGS PER SHARE

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

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

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

	Consolidated Group	
	2019	**2018**
	$	**$**
Net loss attributable to ordinary equity holders of the parent	(109,781)	(125,374)
	2019	**2018**
Weighted average number of ordinary shares for basic earnings per share	235,149,515	226,149,515
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares adjusted effect of dilution for the effect of dilution	235,149,515	226,149,515
Earnings per share:	*Cents*	*Cents*
Basic earnings per share	(0.05)	(0.06)
Diluted earnings per share	(0.05)	(0.06)

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

4. CASH AND CASH EQUIVALENTS

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
Cash at bank and in hand		34,072	43,000
	4(a)	34,072	43,000

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
Reconciliation to Statement of Cash Flows			
For the purposes of the Statement of Cash Flows, Cash and equivalents comprise the following at 30 June			
Cash at bank and in hand	4	34,072	43,000
Balance as per consolidated statement of cash flows		34,072	43,000

5. TRADE AND OTHER RECEIVABLES

	Consolidated Group 2019 $	Consolidated Group 2018 $
Current		
Net GST receivable	1,147	1,663
Total current trade and other receivables	1,147	1,663

6. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2019	2018
	$	$
Plant and equipment		
Cost		
Opening balance	1,961,165	1,961,165
Disposals	-	-
	1,961,165	1,961,165
Accumulated depreciation		
Opening balance	1,629,830	1,577,890
Depreciation for the period	130,388	51,940
	1,760,218	1,629,830
Net book value of plant and equipment	200,948	331,335

7. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2019	2018
	$	$
CURRENT		
Trade payables	10,021	10,252
Sundry payables and accrued expenses	56,337	46,860
	66,358	57,112

8. BORROWINGS

	Consolidated Group	
	2019	2018
	$	$
CURRENT		
Unsecured liabilities		
Other Loans	319,834	318,742
Total unsecured liabilities	319,834	318,742

9. OTHER NON-CURRENT LIABILITIES

	Consolidated	
	2019	2018
	$	$
CURRENT		
Deferred income	233,180	233,180
Total current other liabilities	233,180	233,180
NON-CURRENT		
Government grants received in advance	198,460	328,848
Total non-current other liabilities	198,460	328,848

10. ISSUED CAPITAL

	Consolidated Group	
	2019	2018
235,149,515 fully paid ordinary shares (2018: 226,149,515)	20,558,821	20,468,821
	20,558,821	20,468,821

	2019		2018	
	Number	$	Number	$
Ordinary shares				
Balance at beginning of year	226,149,515	20,468,821	206,436,431	20,199,691
Shares issued via exercise of Options on 16 November 2018	4,500,000	45,000	3,500,000	35,000
Shares issued via exercise of Options on 3 April 2019	500,000	5,000	-	-
Shares issued pursuant to 2018 AGM resolutions	-	-	7,213,084	72,130
Shares issued pursuant to private placement	4,000,000	40,000	9,000,000	90,000
Transaction costs (net of tax)	-	-	-	-
Balance at end of financial year	235,149,515	20,558,821	226,149,515	20,468,821

11. RESERVES

	Consolidated Group	
	2019	2018
	$	$
Share-option reserve	915,722	915,722
	915,722	915,722
Share-option reserve		
Balance at beginning of financial year	915,722	907,666
Share based payments	-	8,056
Balance at end of financial year	915,722	915,722

12. INTEREST IN SUBSIDIARIES

Name of entity	Principal place of business / country of incorporation	Ownership Interest 2019 %	2018 %
Parent entity			
Papyrus Australia Ltd	Australia		
Subsidiaries			
PPY EU Pty Ltd	Australia	100	100
Papyrus Technology Pty Ltd	Australia	100	100
PPY Manufacturing Pty Ltd	Australia	100	100
Australian Advanced Manufacturing Centre Pty Ltd	Australia	100	100
Pulp Fiction Manufacturing Pty Ltd	Australia	100	100
Papyrus Egypt	Egypt	0	50
Yellow Pallet B.V.	The Netherlands	50	50

13. 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.

14. SUBSEQUENT EVENTS

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

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

15. GOING CONCERN

The financial report has been prepared on the basis of going concern. 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 develepment 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 believe the entity is a going concern becouse it has the ongoing support of its financier and believe that within the next 12 months the Banana Ply project will commence paying license fees to the Group.

The Group’s ability to continue as a going concern is contingent upon the above matters. Consequently a material uncertainty exists as to the consolidated entity’s ability to continue as a going concern. 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 appropiate, 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.

16. CONTINGENT LIABILITY

During the year a claim has been raised against the Group. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements.

COMPLIANCE STATEMENT

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

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

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

Ramy Azer
Managing Director

30 August 2019