UNAUDITED

Papyrus Australia Limited

ABN 63 110 868 409

Preliminary Final ASX Report

for the year ended 30 June 2024

	2024 $A	2024 $A		Percentage change
Revenues from ordinary activities	-	-		-
Loss from ordinary activities after tax attributable to the members	(1,120,488)	(1,503,598)	down	25.5%
Loss for the period attributable to members	(1,120,488)	(1,503,598)	down	25.5%

Dividends (distributions)

No dividend has been paid during the year ended 30 June 2024

The directors have not proposed a dividend for the year ended 30 June 2024

Net Tangible Assets Per Security - cents	0.03	0.04

Basis of Financial Report Preparation

This financial report is for the year ended 30 June 2024 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 2024 with comparatives for the twelve months ended 30 June 2024.
All amounts are measured in Australian Dollars, unless otherwise specified.

During the reporting period, there has been no loss of control over any entity. The Company has ownership control over the Papyrus Egypt joint venture company operating the factory at Sohag Egypt. The Company has a direct and indirect interest in Papyrus Egypt of 69.61%.
Whilst the Company has a direct and indirect interest in the Sohag Egypt factory it does not have management control and in accordance with the Accounting Standards, it currently accounts for its interest in the joint venture using the equity accounting method.

The Company has an interest of 39.22% in Eqypt Banana Fibre Company (EBFC), the joint venture partner in Papyrus Egypt. There has been no contribution to the Company’s loss from ordinary activities for the year.

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 2024

	Consolidated Group	
	30 June 2024 $	30 June 2023 $
Other income	672,958	97,630
Share based payment expense	(220,410)	(11,225)
Consultancy expenses / Salaries and Wages	(283,342)	(408,319)
Depreciation expense	(2,235)	(1,352)
Employee benefits expenses	(208,776)	(371,587)
Other expenses	(1,280,081)	(446,359)
Share of net profits of associate and joint venture	201,398	(362,386)
Loss before income tax benefit	(1,120,488)	(1,503,598)
Income tax benefit	-	-
Loss for the period	(1,120,488)	(1,503,598)
Other compressive income	-	-
Total comprehensive income for the year	(1,120,488)	(1,503,598)
Loss attributable to the parent	(1,120,488)	(1,503,598)
Loss for the year	(1,120,488)	(1,503,598)
Total comprehensive income attributable to the parent	(1,120,488)	(1,503,598)
Total comprehensive income attributable to members of the parent entity	(1,120,488)	(1,503,598)

Earnings per share:		*Cents*	*Cents*
Basic earnings per share	**2**	(0.23)	(0. 32)
Diluted earnings per share	**2**	(0.23)	(0. 32)

Consolidated statement of financial position
AS AT 30 JUNE 2024

	Note	Consolidated Group 30 June 2024 $	Consolidated Group 30 June 2023 $
CURRENT ASSETS			
Cash and cash equivalents	3	366,971	425,003
Trade and other receivables	4	877,188	1,559,071
Prepayment		8,071	6,067
TOTAL CURRENT ASSETS		1,202,230	1,990,141
NON-CURRENT ASSETS			
Property, plant and equipment		4,873	2,280
Investments accounted for using the equity method		979,394	689,856
TOTAL NON-CURRENT ASSETS		984,267	692,136
TOTAL ASSETS		2,236,497	2,682,277
CURRENT LIABILITIES			
Trade and other payables	5	575,889	201,791
TOTAL CURRENT LIABILITIES		575,889	201,791
NON-CURRENT LIABILITIES			
Other non-current liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		575,889	201,791
NET ASSETS / (LIABILITIES)		1,660,608	2,480,486
EQUITY			
Issued capital	6	26,452,781	26,372,581
Reserves	7	1,291,898	1,071,488
Accumulated losses		(26,084,071)	(24,963,583)
Total attributable to owners of parent		1,660,608	2,480,486
TOTAL EQUITY / (DEFICIT)		1,660,608	2,480,486

Consolidated statement of changes in equity
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

			Consolidated Group		
	N	Issued Capital $	Earnings/ (Accumulated losses) $	Share Option Reserve $	Total $
Balance at 1 July 2022		25,672,581	(23,459,98	1,060,2636	3,272,858
Comprehensive income					
Loss for the year			(1,503,598)		(1,503,598)
Total comprehensive income for the period			(1,503,598)		(1,503,598)
transactions with owners, in their capacity as owners, and other transactions					
Shares issued via private placement on 5 January 2023		300,000	-	-	300,000
Shares issued via private placement on 9 June 2023		400,000	-	-	400,000
Share based payments		-	-	11,225	11,225
Total transactions with owners and other transactions		700,000	-	11,225	711,225
Balance at 30 June 2023		26,372,581	(24,963,583)	1,071,488	2,480,486
Balance at 1 July 2023		26,372,581	(24,963,583)	1,1,071,488	2,480,486
Comprehensive income					
Loss for the year		-	(1,120,488)	-	(1,120,488)
Total comprehensive income for the period		-	(1,120,488)	-	(1,120,488)
transactions with owners, in their capacity as owners, and other transactions					
Shares Issued via private placement on 4 September 2023		75,200			75,200
Conversion of unlisted options on 20 October 2023		5,000			5,000
Share based payments				220,410	220,410
Total transactions with owners and other transactions		80,200		220,410	300,610
Balance at 30 June 2024		26,452,781	(26,084,071)	1,291,898	1,660,608

Consolidated statement of cash flows
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Consolidated Group 30 June 2024 $	Consolidated Group 30 June 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		100	-
Government grants and tax incentives		432,211	-
Payments to suppliers and employees		(1,222,595)	(1,237523)
NET CASH USED IN OPERATING ACTIVITIES		(790,284)	(1,237523)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase property, plant & equipment		4,829	-
Loans made to joint venture entity		304,084	(413,742)
CASH FLOWS FROM FINANCING ACTIVITIES		299,255	(413,742)
Proceeds from issue of shares		80,000	700,000
Proceeds from issue of options		5,000	-
Proceeds from borrowings		521,733	-
Repayment of borrowings		(163,897)	-
Transaction costs from financing activities		(9,839)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		432,997	700,000
Net (decrease)/increase in cash and cash equivalents		(50,032)	(951,265)
Cash at the beginning of the financial year		425,003	1,376,268
CASH AT THE END OF THE FINANCIAL YEAR	3	366,971	425,003

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 (AASB) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The Financial Report also complies with International Financial Reporting Standards (IFRS) 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. This report should also be read in conjunction with any publications 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 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.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

The adoption of these Standards did not result in significant changes to the Group’s accounting policies and had no material impact on its financial statements, except as disclosed below.

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The amendment took effect from 1 January 2023, requirement entities to disclose only material accounting policy information rather than all significant accounting policies. The amendment also provides guidance on which accounting policy information is expected to be material. Management adopted the amendment for the first time this financial year, assessing the material accounting policies to the users and removing accounting policies that were standardised information or information that only duplicates or summarises the requirements of the Standards.

Any new or amended Accounting Standards or Interpretations that are not mandatory have not been early adopted.

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. Recognising 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

The Group has been in a tax loss position for a number of years and has significant tax losses carried forward for future reporting periods. The Group only recognised deferred tax assets on these tax losses carried forward to the extent that they fully offset deferred tax liabilities (if any).

Tax consolidation legislation

Papyrus Australia Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group.

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. 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.

m. Interest-bearing loans and borrowings

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

n. Share-based payment transactions.

The Group provides benefits to employees and consultants of the Group in the form of share-based payments, whereby 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.

o. 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.

p. 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.

q. 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 2024.

In the year ended 30 June 2024, 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.

Key estimates – Estimation of useful lives and residual value of assets

The Group determine the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. The useful life and residual values could change significantly as a result of technical innovations or some other events. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

2. EARNINGS PERSHARE

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	
	2024	**2023**
	$	**$**
Net loss attributable to ordinary equity holders of the parent	(1,120,488)	(1,503,598)
	2024	**2023**
Weighted average number of ordinary shares for basic earnings per share	492,075,949	473,079,388
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares adjusted effect of dilution for the effect of dilution	492,075,949	473,079,388
Earnings per share:	*Cents*	*Cents*
Basic earnings per share	(0.23)	(0.32)
Diluted earnings per share	(0.23)	(0.32)

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.

3. CASH AND CASH EQUIVALENTS

	Note	Consolidated Group 2024 $	Consolidated Group 2023 $
Cash at bank and in hand		366,971	425,003
		366,971	425,003

4. TRADE AND OTHER RECEIVABLES

	Consolidated Group 2024 $	Consolidated Group 2023 $
Current		
Other receivables	868,188	1,551,035
GST receivable	9,000	8,036
	877,188	1,559,071

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

5. TRADE AND OTHER PAYABLES

	Consolidated Group 2024 $	Consolidated Group 2023 $
CURRENT		
Trade payables	45,117	45,117
Sundry payables and accrued expenses	229,883	156,674
Investor borrowings	309,175	-
	584,889	201,791

6. ISSUED CAPITAL

	2024 $	2023 $
492,692,593 fully paid ordinary shares (2023: 489,367,593)	26,452,781	26,372,561
	26,452,781	26,372,581

7. RESERVES

	Consolidated Group 2024 $	Consolidated Group 2023 $
Share-option reserve	1,291,898	1,071,488
	1,291,898	1,071,488
Share-option reserve		
Balance at beginning of financial year	1,071,488	952,578
Share based payments	220,410	11,225
Balance at end of financial year	1,291,898	1,071,488

8. INTEREST IN SUBSIDIARIES

Name of entity	Principal place of business / country of incorporation	Ownership Interest *2024* *%*	Ownership Interest *2023* *%*
Parent entity			
Papyrus Australia Ltd	Australia		
Subsidiaries			
Papyrus Technology Pty Ltd	Australia	100	100
PPY Manufacturing Pty Ltd	Australia	100	100
Australian Advanced Manufacturing Centre Pty Ltd	Australia	100	100
Papyrus Egypt	Egypt	50	50
Egypt Banana Fiber Company (EBFC)	Egypt	39	39

9. 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.

10. SUBSEQUENT EVENTS

No other matters or circumstances that have arisen since the end of the year to the date of this report 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.

11. CONTINGENT LIABILITY

There are currently no contingent liabilities.

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

Al Jawhari
Chairman

30 August 2024