

Papyrus Australia Ltd

ABN 63 110 868 409

Half Year Report

for the half year ended 31 December 2015

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Appendix 4D Requirements

Results for announcement to the market

	2015	2014	Percentage	
	\$A	\$A	change	
Revenues from ordinary activities	8,577	-	up	N/A
Loss from ordinary activities after tax attributable to the members	(107,512)	(238,863)	down	55%
Loss for the period attributable to members	(107,512)	(238,863)	down	55%

Dividends (distributions)

No dividend has been paid during the period ended 31 December 2015

The directors have not proposed a dividend for the period ended 31 December 2015

Net Tangible Assets Per Security - cents

(\$0.003)	(\$0.006)
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All other requirements are contained within the attached financial statements and notes.

The Group did not gain or lose control of any entities during the reporting period ended 31 December 2015.

Directors' Report

The directors of Papyrus Australia Ltd ('Papyrus') present their Report together with the financial statements of the consolidated entity, being Papyrus Australia Ltd ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2015.

Director Details

The following persons were directors of Papyrus during or since the end of the half year.

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

Review of Operations

1. The Company progresses toward a model where the Company actively participates in banana fibre product production and manufacturing in Egypt and Australia.

In the longer run the Company believes the best commercial position for it is to be the developer and licensor of Intellectual Property. However the Company has experienced many frustrating challenges in bringing that strategy to a beneficial commercial outcome, particularly given the economic climate and the risk averse nature of potential participants in a new business venture with new technology.

The Company acknowledges that it must first partner with others to get the initial commercial banana fibre production facilities operational to satisfy concerns about the risks believed to be associated with being the first to undertake the manufacture of banana fibre products worldwide.

2. In November 2014 the Company announced it had entered into a binding Joint Venture Agreement for a banana fibre business project to manufacture banana fibre fruit and vegetable trays utilising natural materials made from waste banana fibre (as an alternative for plastic trays presently used by the industry). This followed an extensive evaluation and analysis and the contractual "off-take" commitment of an established distributor (the other joint venture partner) of such products in Australia to the wholesale fruit and vegetable industry, (refer ASX Announcement 7 November 2014).

Work on that JV progresses albeit slower than the Company would like. Presently a project team is undertaking a re-evaluation of all elements of the proposed JV from the banana plantation through to the market for products.

3. With the Egyptian political climate stabilising and business environment improving the Company transported further machinery from Walkamin to the Papyrus Egypt, Sohag factory in Egypt, to enable the Papyrus Egypt banana fibre project to commence once the factory is commissioned and all requisite capital funding is secured for the project.

The machinery has been under the control of our agent in Sohag until such time as appropriate payment is made by Egypt Banana Fibre Company to the Company to satisfy the purchase obligations for the machinery.

Our Egyptian partner has completed the construction and fit-out of the factory building in Sohag which is ready to house the manufacture and production facilities comprising the production line of Papyrus machinery and equipment.

Our Managing Director, Ramy Azer, is presently in Sohag undertaking the engineering work required to enable the manufacturing and banana fibre production facilities to be commissioned. The Company will advise the market as soon as the manufacturing and production facilities are commissioned.

4. The Company continues to operate on an absolute minimum cost basis to preserve working capital.

During the period The Company entered into agreements with certain shareholders to raise \$100,000 by way of a placement of 10,000,000 ordinary fully paid shares in the capital of the Company at a price of \$0.01 per new share. The funds raised funded working capital requirements and, in particular, (refer ASX Announcements 14 September 2015 & 15 September 2015).

The Company's Managing Director Ramy Azer and his wife Phoebe Azer facilitated a second cash loan to the Company during the period 2014 through their wholly owned company Talisker Pty Ltd. The Company has agreed that Talisker shall lend the Company up to an amount of \$250,000 ("the loan") which may be drawn down by the Company from time to time as required, (refer ASX Announcement 7 November 2014).

The Company met expenses as and when they fall due and there are no known unbudgeted expense items. The Directors including the Managing Director have continued to forgo their remuneration.

5. The Company's Annual Report was published (ASX Announcement 27 October 2015). The Annual General Meeting was held on 26 November 2015 whereat the Chairman provided a briefing of the Company's operation and in particular why previously stated objectives had not been achieved in the current economic climate and what had been achieved during the previous financial year. (See ASX Announcement 26 November 2015).
6. Following a comprehensive review the Company has consolidated its patent holdings as hereunder:
 - a. Method and Apparatus for Removing Sheets of Fibres from Banana Plants (Original Patent) - Patent rights have been granted for this patent in the following jurisdictions: Australia, China, Egypt, France, Germany, Hong Kong, India (pending), Japan, Malaysia, Philippines, Korea, Thailand (pending), United Kingdom, USA and Vietnam. This patent is for the production of veneer from banana tree trunks.
 - b. Improved Fibre Furnish - Patent rights have been granted in the following jurisdictions: Australia (pending), China (pending), Egypt, France, Germany, Hong Kong (pending), United Kingdom and USA. This patent is for the production of fibre chips from banana tree trunks (to be used for the making of panel and other products) and directly relates to fibre production.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 7 of this financial report and forms part of this Directors' report.

Signed in accordance with a resolution of the directors.



Mr Edward Byrt
Chairman

26 February 2016

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PYPYRUS AUSTRALIA LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Papyrus Australia Limited for the half-year ended 31 December 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sheenagh Edwards
Partner - Audit & Assurance

Adelaide, 26 February 2016

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Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2015

	Consolidated Group	
	31 December 2015 \$	31 December 2014 \$
Revenue from operating activities	8,577	-
Other income	36,655	43,553
Depreciation expense	(36,655)	(43,553)
Employee benefits expenses	(23,421)	(93,781)
Other expenses	(92,668)	(145,082)
Loss before income tax benefit	(107,512)	(238,863)
Income tax benefit	-	-
Loss for the period	(107,512)	(238,863)
Loss attributable to members of the parent entity	(107,512)	(238,863)
Other comprehensive income	-	-
Total comprehensive income for the period	(107,512)	(238,863)
Total comprehensive income attributable to members of the parent entity	(107,512)	(238,863)
Earnings per share:	<i>Cents</i>	<i>Cents</i>
Basic earnings per share	(0.06)	(0.13)
Diluted earnings per share	(0.06)	(0.13)

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

Consolidated statement of financial position

As at 31 December 2015

		Consolidated Group	
		31 December 2015 \$	30 June 2015 \$
Note			
CURRENT ASSETS			
	Cash and cash equivalents	39,403	3,589
	Trade and other receivables	3,728	7,451
TOTAL CURRENT ASSETS		43,131	11,040
NON-CURRENT ASSETS			
	Property, plant and equipment	500,891	542,091
	TOTAL NON-CURRENT ASSETS	500,891	542,091
TOTAL ASSETS		544,022	553,131
CURRENT LIABILITIES			
	Trade and other payables	36,149	96,098
	Short-term borrowings	329,843	300,157
	Other current liabilities	215,321	150,000
TOTAL CURRENT LIABILITIES		581,313	546,255
NON-CURRENT LIABILITIES			
	Other non-current liabilities	484,761	521,416
TOTAL NON-CURRENT LIABILITIES		484,761	521,416
TOTAL LIABILITIES		1,066,074	1,067,671
NET LIABILITIES		(522,052)	(514,540)
EQUITY			
	Issued capital	20,169,691	20,069,691
	Reserves	907,666	907,666
	Accumulated losses	(21,599,409)	(21,491,897)
TOTAL DEFICIT IN EQUITY		(522,052)	(514,540)

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2015

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)
Total comprehensive income for the period	-	(238,863)	-	(238,863)
<i>Transactions with owners, in their capacity as owners:</i>				
Shares issued via private placement on 9 October 2014	30,000	-	-	30,000
Shares issued via private placement on 17 November 2014	30,000	-	-	30,000
Balance at 31 December 2014	20,044,691	(21,468,968)	907,666	(516,611)
Balance at 1 July 2015	20,069,691	(21,491,897)	907,666	(514,540)
Total comprehensive income for the period	-	(107,512)	-	(107,512)
<i>Transactions with owners, in their capacity as owners:</i>				
Shares issued via private placement on 11 September 2015	100,000	-	-	100,000
9	100,000	-	-	100,000
Balance at 31 December 2015	20,169,691	(21,599,409)	907,666	(522,052)

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

Consolidated statement of cash flows

For the half-year ended 31 December 2015

	Consolidated Group	
	31 December 2015 \$	31 December 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(159,193)	(176,677)
Interest received	-	-
NET CASH USED IN OPERATING ACTIVITIES	(159,193)	(176,677)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of deferred income	65,321	-
Payments for the purchase of property, plant and equipment	-	(1,474)
NET CASH PROVIDED BY INVESTING ACTIVITIES	65,321	(1,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	100,000	60,000
Proceeds from borrowings	29,686	120,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	129,686	180,000
Net (decrease)/increase in cash and cash equivalents	35,814	1,849
Cash at the beginning of the financial period	3,589	16,360
CASH AT THE END OF THE FINANCIAL PERIOD	39,403	18,209

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

Notes to the consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. Nature of operations

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

2. General information and basis of preparation

The consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2015 and are presented in Australian dollars (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The Company is a for profit entity for the purposes of preparing its financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 26 February 2015.

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

4. Estimates

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

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2015 annual report.

5. Operating segments

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

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

Notes to the consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

6. Property, plant and equipment

	Consolidated Group	
	31 December 2015 \$	30 June 2015 \$
Plant and equipment		
<i>Cost</i>		
Opening balance	1,979,351	1,979,351
Disposals	(4,545)	-
	1,974,806	1,979,351
<i>Accumulated depreciation</i>		
Opening balance	1,437,260	1,348,934
Depreciation for the period	36,655	88,326
	1,473,915	1,437,260
Net book value of plant and equipment	500,891	542,091
Total net book value of property, plant and equipment	500,891	542,091

7. Other current liabilities

Deferred income at 31 December 2015 represents the initial deposit and other advances received from the Egyptian Banana Fibre Company (“EBFC”) for machinery to be built and delivered by the Company.

8. Borrowings

	Consolidated Group	
	31 December 2015 \$	30 June 2015 \$
SHORT-TERM BORROWINGS		
Unsecured loan	329,843	300,157
	329,843	300,157

The unsecured loan 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 borrowings provided by other directors of the company. The loans are 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.

Notes to the consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

9. Share capital

	Consolidated Group	
	31 December 2015 \$	30 June 2015 \$
196,236,431 fully paid ordinary shares (30 June 2015: 186,236,431)	20,169,691	20,069,691
	20,169,691	20,069,691
	2015	
	Number	\$
Ordinary shares		
Balance at beginning of period	186,236,431	20,069,691
Shares issued pursuant to private placement	10,000,000	100,000
Balance at end of period	196,236,431	20,169,691

10. Subsequent events

There are no events that have occurred after 31 December 2015 that should be disclosed in accordance with AASB 110 'Events after the Balance Date'.

11. Contingent liabilities and commitments

There has been no change in contingent liabilities or commitments since the last reporting date.

12. 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 \$107,512 and a net cash outflow from operating and investing activities of \$93,872 during the half-year ended 31 December 2015. The group continues to be economically dependent on the generation of cashflow 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 to evaluate alternative means of raising additional equity and working capital.

The directors consider the consolidated entity to be a going concern and will be able to meet its debts and obligations as they fall due.

The group's ability to continue as a going concern is contingent upon generation of cashflow from its business and/ or successfully raising additional capital. If sufficient 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.

Directors' Declaration

In the opinion of the directors of Papyrus Australia Ltd:

- (a) the consolidated financial statements and notes of Papyrus Australia Ltd are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'Edward Byrt', is displayed on a light blue rectangular background.

Mr Edward Byrt
Chairman

26 February 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PYPYRUS AUSTRALIA LIMITED

We have reviewed the accompanying half-year financial report of Papyrus Australia Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of Papyrus Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Papyrus Australia Limited consolidated entity’s financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Papyrus Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Papyrus Australia Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 12 to the financial report which indicates that the consolidated entity incurred a net loss of \$107,512 during the period ended 31 December 2015 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$538,182. These conditions, along with other matters as set forth in Note 12, 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 the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sheenagh Edwards
Partner - Audit & Assurance

Adelaide, 26 February 2016