



31 July 2012

Appendix 4C Commentary - Quarter ending 30 June 2012

Key Activities for the Quarter

1. The Company's commercial focus for the quarter continued in the development of its operational activities in Egypt, the market for product in Egypt, the Middle East and Europe and the development of Yellow Pallet based in the Netherlands.
2. The Company's cash at bank as at 30 June 2012 was \$366K. The Company continued to operate in Australia and Egypt on an absolute minimum cost basis to preserve working capital. The Company is meeting all expenses as they fall due and there are no known unbudgeted expense items. The directors have agreed to continue to forfeit their fees during this period.
3. Two eNewsletters to update shareholders were produced in the quarter: No 5 in April 2012 (ASX Announcement 18 April 2012) and No 6 in June 2012 (ASX Announcement 25 June 2012). These newsletters from the Chairman gave a comprehensive account of the company's activities during Q4 and should be read in conjunction with this commentary – refer Papyrus Australia web link: <http://www.papirusaustralia.com.au/news/e-newsletter/>
4. The company's leased facility at Yeerongpilly, Brisbane, Queensland (former Brimms factory) ceased on 30 June 2012. Removal of all redundant plant and equipment has taken place and all settlement arrangements with the landlord were achieved satisfactorily.
5. During the quarter the company completed a comprehensive financial model to assist in guiding future negotiations with prospective customers including those in Egypt currently under consideration.

Update post 30 June 2012

In July 2012 the Company was pleased to receive the grant of patent from African Intellectual Property Organization (OAPI) and Israel for the Company's original patent application -- *Method and Apparatus for Removing Sheets of Fibres from Banana Plants*.

In July 2012 the Managing Director travelled to Egypt and Europe to progress the development of Papyrus Egypt and to advance the business of Yellow Pallet. He was joined by the Chairman in Egypt in late July 2012. The Managing Director will remain in Egypt until mid August. The Company will announce any material developments from Egypt/Europe as required and plans to update shareholders via eNewsletter during August 2012.

ENDS

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

PAPYRUS AUSTRALIA LTD

ABN

63 110 868 409

Quarter ended ("current quarter")

June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	2
1.2 Payments for		
(a) staff costs	(152)	(1,085)
(b) advertising and marketing	-	(3)
(c) research and development	-	-
(d) leased assets	(5)	(30)
(e) other working capital	(92)	(846)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	15
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid (R&D Tax Refund)	-	364
1.7 Other (SAIF Grant)	-	42
Net operating cash flows	(244)	(1,545)

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(244)	(1,545)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		(32)
(c) intellectual property		(78)
(d) physical non-current assets		(32)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	30	142
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	30	-
Net investing cash flows		
1.14 Total operating and investing cash flows	(214)	(1,545)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	1,082
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (Share issue expenses)		(5)
	-	1,077
Net financing cash flows		
Net increase (decrease) in cash held	(214)	(468)
1.21 Cash at beginning of quarter/year to date	580	834
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	366	366

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	64
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions Payments of directors fees and superannuation.	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

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admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	53	53
4.2 Deposits at call	313	527
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	366	580

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Donald Stephens

Sign here: Date: 31 July 2012
 Donald Stephens
 (Director)

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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