



31 October 2012

Appendix 4C Commentary - Quarter ending 30 September 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 September 2012 was \$172K. 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 continued to forgo their fees during this period.
3. During July and August 2012 the Company was pleased to receive the grant of patent from African Regional Intellectual Property Organization (ARIPO), the African Intellectual Property Organization (OAPI), Israel and South Korea for the Company's original patent application -- *Method and Apparatus for Removing Sheets of Fibres from Banana Plants*.
4. The Company's consolidated Preliminary Final Report for FY12 was published (ASX Announcement 31 August 2012) and the Full Year Statutory Accounts were published (ASX Announcement 27 September 2012).

Update post 30 September 2012

The Managing Director is currently in Egypt, where the first full scale commercial banana fibre processing factory is being built (previously reported). He was joined by the Chairman for 5 days in mid October 2012. The objective of the visit was to continue to work with our joint venture partner, the Egyptian Banana Fibre Company and to secure further financing to assist the project and fund the machinery purchase from the Company's wholly owned machinery development company, The Australian Advanced Manufacturing Centre Pty Ltd. The Managing Director has also visited the Netherlands during this period to advance the Yellow Pallet project. The Company will announce any material developments from Egypt/Europe as required and plans to update shareholders at the Annual General Meeting and by ASX announcement.

As announced the Company signed a funding agreement by way of a draw down loan facility for \$250,000 with Talisker Pty Ltd, a company wholly owned by Papyrus Australia Ltd Managing Director and major shareholder Ramy Azer and his wife Phoebe Azer. The loan is unsecured and will be repayable from future revenues or from the proceeds of any future equity raisings and subject to not materially prejudicing the ability of the Company to repay its creditors (ASX Announcement 11 October 2012).

The Company's 2012 Annual Report was released to the market (ASX Announcement 31October 2012) and the Annual General Meeting will be held at 2.00 PM on 29 November 2012 (ASX Announcement 31October 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")

30 September 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	2	2
1.2 Payments for		
(a) staff costs	(71)	(71)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	(5)	(5)
(e) other working capital	(125)	(125)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(198)	(198)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(198)	(198)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(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	4	4
(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)	-	-
	4	4
Net investing cash flows		
1.14 Total operating and investing cash flows	(194)	(194)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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 (provide details if material)	-	-
	-	-
Net financing cash flows		
Net increase (decrease) in cash held	(194)	(194)
1.21 Cash at beginning of quarter/year to date	366	366
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	172	172

+ See chapter 19 for defined terms.

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	-
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	

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		

* It is noted that subsequent to the quarter ended 30 September 2012, the Company has secured a draw down loan facility of \$250,000. Refer to the ASX announcement dated 11 October 2012 for further details.

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
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	22	53
4.2 Deposits at call	150	314
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	172	366

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.



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

+ See chapter 19 for defined terms.

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.

+ See chapter 19 for defined terms.