



ASX ANNOUNCEMENT

30 October 2009

APPENDIX 4C AND COMMENTARY SEPTEMBER 2009 QUARTER: HIGHLIGHTS

OPERATIONAL

The Company is now well advanced in developing a harvesting transport and logistical infrastructure to integrate the banana tree trunk harvesting activities into the existing banana fruit production.

Since the last quarter report, the Company's Walkamin factory, located in Northern Queensland has entered into batch production mode.

The Company has spent considerable effort resolving the mechanical issues with the Beta Veneer Unit ("BVU") previously reported and is implementing its engineering and production plan to ultimately achieve continuous production of its products.

In accordance with the sales and distribution agreement signed with 3W Tout Bois, a specialist veneering and timber product distributor based in Monaco, Papyrus supplied samples of its decorative veneer and fibreboard for a launch of its products, using the brand name "Beleaf™", at the Monaco Yacht Show in late September, 2009.

The Monaco Yacht show is Europe's leading trade exhibition for furniture, internal fittings, flooring and other architecture products. The products Papyrus exhibited were a collection of furniture and decorative veneer products, made by leading Italian and French designers utilizing our banana veneer instead of timber veneer, and decorative flooring and wall panel banana veneer products made by a leading Belgium factory and banana fibreboard products suitable for flooring and wall panels made by Papyrus in Australia.

The response from design professionals was outstanding and 3W Tout Bois has now received orders for the Beleaf™ products. Further product has now been delivered to 3W Tout Bois for assessment and commercial validation of the banana fibre products.

CORPORATE

The Company received \$1.37 Million from the exercise of 4,735,000 unlisted options for ordinary shares in the Company of which 2,500,000 were held by the Company's Managing Director, Mr Ramy Azer.

Papyrus signed a Memorandum of Understanding with the Prince Albert II of Monaco Foundation in Monaco on the 25th September, 2009. The intent of which is to promote the use of Papyrus environmentally sustainable technologies and products worldwide. The other purpose of the agreement are to increase public awareness of the forestry ecosystems' preservation and to explore possible activities concerning certified emission credits within the framework of the United Nations Framework Convention on climate change.

At the end of the quarter the Company's cash at bank was \$1.41 Million.

Since the reporting period and its announcement to the market on the 23rd October, 2009, the Company and World Future Fibre mutually agreed to bring their involvement in the Pulp Fiction Manufacturing Pty Ltd joint venture to an end. The effect of this is that the Harvesting Equipment, the Manufacturing Site and Facility at Mt Uncle Plantation, Walkamin, North Queensland will now be fully controlled and owned by Papyrus.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Papyrus Australia Limited

ABN

63 110 868 409

Quarter ended ("current quarter")

30 September 2009

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	-	-
1.2 Payments for		
(a) staff costs	(451)	(451)
(b) advertising and marketing	(96)	(96)
(c) research and development	-	-
(d) leased assets	(15)	(15)
(e) other working capital	(334)	(334)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(886)	(886)

+ 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)	(886)	(886)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets	(128)	(128)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(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)		
	(128)	(128)
Net investing cash flows		
1.14 Total operating and investing cash flows	(1,014)	(1,014)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,365	1,365
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 costs)	(67)	(67)
	1,298	1,298
Net financing cash flows		
Net increase (decrease) in cash held	284	284
1.21 Cash at beginning of quarter/year to date	1,130	1,130
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,414	1,414

+ 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	142
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Executive Directors \$102 k Non Executive Directors \$25 k Related entities for consulting \$15 k </div>	

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. (See AASB 1026 paragraph 12.2).

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

+ 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	208	327
4.2 Deposits at call	1,206	800
4.3 Bank overdraft	-	-
4.4 Other (grant account)	-	3
Total: cash at end of quarter (item 1.23)	1,414	1,130

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.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 28 October 2009
 Donald Stephens
 Director

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

+ See chapter 19 for defined terms.

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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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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