



ASX Announcement

30 April 2010 – March 2010 Appendix 4C Commentary

Corporate Overview

The Company has received \$1.211m from the conversion of existing and unlisted options. The funds received will be used for ongoing working capital purposes. The Company's cash at bank as at 31st March, 2010 was \$3.2m.

The Company has appointed an Executive Consultant, Mr Geoff Whitbread, BBus, MBA, Juris Doctor, (an experienced Chief Executive Officer) who has the task of upgrading the corporate and administrative functioning of the Company.

Operational Activities

As previously advised the Company's commercialisation strategy is focused on becoming a technology licensing company assisting suitable entities to establish banana veneer and banana fibre production factories in locations worldwide where bananas are grown.

Such commercial opportunities are well advanced and we expect significant progress in the implementation of this strategy this year 2010.

In November 2009 the Company announced that its first working factory at Walkamin had started continuous production of veneer. Since then the factory production rate has been increased considerably.

Papyrus Australia Limited

Building 16
35-37 Queens Street
Thebarton SA 5031

PO Box 566
Torrensville Plaza
Mile End SA 5031

Telephone: (08) 08 8186 2936

www.papyrusaustralia.com.au



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New harvesting and transport technology has been built and integrated into the existing banana fruit production system and infrastructure at the Mount Uncle facility at Walkamin.

A complete Patent Application for the harvester was lodged on 23 April, 2010.

Also as reported on the ABC Landline program in April, 2010 (please refer to the website www.papyrusaustralia.com.au) the Company has progressed the harvesting activities under the control of the owner of the banana farm at Mount Uncle and General Manager of the factory at Walkamin.

The Beta veneering machine is the heart of the veneering operation and the technology as a whole. It is covered by worldwide patents now granted in several countries.

After the veneering machine veneers the core the wet veneers are transferred to the drying process. That process has been successfully commissioned and entered production in November 2009.

We are now working at matching the drying and veneering rates before we can commission the automatic transfer system.

Based on information and data obtained from the operations at Walkamin detailed work on the financial modeling for a banana veneer and banana fibreboard production facility has been completed and is being updated regularly with current data.

Samples of veneer production from Walkamin have been shipped to our agent Mr Mario Cassin from 3W Tout Bois in Europe. Customers in Australia have also received sample product from the existing veneer stock at Walkamin. The latest feedback from customers specifies a range of products required at certain colours, thicknesses and number of ply. We are currently producing veneer to fulfill these requests.

The factory at Walkamin now has a grading and sorting process as well as a finishing process which includes the trimming and packing of the product ready for transport.

Walkamin is not just a commercialisation production facility, its other main function is as a showcase facility promoting the technology and the machinery.

Based on the progress at Walkamin the Company has received substantive enquiries and expressions of interest from other Australian banana plantation farmers to purchase a factory for their banana plantations. PPY has also received other offers from overseas clients to buy factories.

Through its wholly owned subsidiary, The Australian Advanced Manufacturing Centre Pty Ltd (AAMC), the Company has completed the design of an upgraded version of the veneering unit. In the current quarter the new veneering unit will be costed and we expect that construction will commence.

Other plant and equipment has also been designed and constructed by AAMC in order to complete the factory at Walkamin and to fulfill the orders for factories later this year, including a new fibre shredder which will also be the subject of a new patent application.

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 Ltd

ABN

63 110 868 409

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers		
1.2 Payments for		
(a) staff costs	(469)	(1,238)
(b) advertising and marketing	(99)	(237)
(c) research and development		
(d) leased assets	(13)	(37)
(e) other working capital	(299)	(1,032)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	15	36
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (R&D Tax Offset)	367	367
Net operating cash flows	(498)	(2,141)

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(498)	(2,141)
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	(232)	(500)
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 (Grants , creditors)		
Net investing cash flows	(232)	(500)
1.14 Total operating and investing cash flows	(730)	(2,641)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	3,559	5,009
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 (capital raising costs)	(214)	(291)
Net financing cash flows	3,345	4,718
Net increase (decrease) in cash held	2,615	2,077
1.21 Cash at beginning of quarter/year to date	592	1,130
1.22 Exchange rate adjustments to item 1.20		
	3,207	3,207
1.23 Cash at end of quarter		

+ 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	305
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Executive Directors \$207k
 Non-Executive Directors \$53k
 Related entities for consulting \$45k

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		

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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	2,855	206
4.2	Deposits at call	352	386
4.3	Bank overdraft	-	-
4.4	Other (Grant Account)	-	-
Total: cash at end of quarter (item 1.23)		3,207	592

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 give a true and fair view of the matters disclosed.



Donald Stephens
Director

Date: 30th April 2010

+ 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 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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