



**ASX ANNOUNCEMENT**  
**31 July 2009**

**APPENDIX 4C AND COMMENTARY JUNE 2009 QUARTER: HIGHLIGHTS**

**OPERATIONAL**

Commercialisation Process:

The Company has installed all plant equipment and machinery necessary to operate its Walkamin Production Facility.

As was announced to the market on 12 June 2009 the Company was experiencing delays relating to mechanical failures with the outer-trunk-cutting-blade mechanism contained in the Beta Veneer Unit ("BVU").

The BVU supplied by the independent contractor did not pass the agreed Acceptance Test. As a result of a dispute with independent contractor, the Company entered into an agreement with the independent contractor to enable the following:

- The Company to have access to the software and the automation system contained in the BVU.
- To resolve the dispute between the two companies by expert determination.

The Company is pleased to announce that it now has full access to the software and automation system contained within the BVU which has enabled our production and engineering team to recommence testing and production trials to be concluded by the end of July, 2009.

During the course of our teams ongoing work with the BVU in Queensland, the Company agreed with the independent contractor to appoint a legal expert and engineering expert to resolve the dispute between the two parties. Once the independent experts work is completed and given the progress being made with on-site testing of the BVU and other components of the manufacturing line, the Company remains optimistic that management will be able to implement its production and engineering plan to achieve continuous production at the Walkamin factory commencing in September 2009.

Banana Harvester

The Company successfully developed a new and innovative mechanical banana harvester which was observed by Mt Uncle plantation growers to function effectively and at a rate well in excess of the current manual methods employed at the plantation. A provisional patent was lodged by this Company with the possibility of developing a complimentary business that supports our North Queensland banana factory as it comes on stream.

## CORPORATE

As a consequence of the delays with commissioning the BVU and therefore the production line, the Company was not able to fulfill its production obligations with World Future Fibre, Hayot and 3W Tout Bois. The Company remains positive concerning its continuing negotiations with the respective partners in the hope that satisfactory arrangements can be agreed for the future.

The Company raised \$107,501 from the conversion by a shareholder of 430,005 unlisted options.

At the end of the quarter the Company's cash at bank was \$1.12m.

Since the reporting date, Dr David Wyatt has retired as chairman of the Company and Mr Edward Byrt (a founding director of the Company) has been appointed as his replacement.

For further information, please contact:

Mr. Ramy Azer Managing Director 04 4866 5938

# 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")

30 June 2009

### 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	29	217
1.2 Payments for		
(a) staff costs	338	1273
(b) advertising and marketing	25	130
(c) research and development	0	0
(d) leased assets	5	54
(e) other working capital	172	1,087
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	23	82
1.5 Interest and other costs of finance paid	2	2
1.6 Income taxes paid		
1.7 Other –		
	(490)	(2,247)
<b>Net operating cash flows</b>		

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(490)	(2,247)
<b>Cash flows related to investing activities</b>		
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	594	2,287
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)	(98)	(745)
<b>Net investing cash flows</b>	<b>496</b>	<b>1,542</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(986)</b>	<b>(3,789)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	108	2,768
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)	(4)	(4)
<b>Net financing cash flows</b>	<b>104</b>	<b>2,764</b>
<b>Net increase (decrease) in cash held</b>	<b>(882)</b>	<b>(1,025)</b>
1.21 Cash at beginning of quarter/year to date	2002	2,145
1.22 Exchange rate adjustments to item 1.20		
<b>1.23 Cash at end of quarter</b>	<b>1,120</b>	<b>1,120</b>

+ 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	149
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;">             Payments to directors consist of payments to non-executive directors (\$43k) and executive directors (83k).              Paid to related entities of director's for consulting services (\$23k) on commercial terms           </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

N/a

- 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

N/a

**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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+ See chapter 19 for defined terms.

## 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	316	130
4.2	Deposits at call	800	1,810
4.3	Bank overdraft	0	0
4.4	Other (Grant Account)	3	62
<b>Total: cash at end of quarter</b> (item 1.23)		<b>1,120</b>	<b>2,002</b>

## 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.



**Vince Rigano**  
**Company secretary**

Date: 31 July 2009

## 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

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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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