



26 April 2013

Appendix 4C Commentary - Quarter ending 31 March 2013

Key Activities for the Quarter

1. During the period the Directors explored options for the future of the Company given the difficult economic circumstances in the world economy and particularly in the markets the Company has focussed its efforts. To that end MAP Capital Advisors ("MAP Capital"), a Melbourne based independent boutique investment and advisory firm, was engaged to assist the Company in 3 broad areas: Firstly, to provide the Directors with an independent strategic view of the position of the Company and the opportunities available to better exploit its intellectual property. Secondly, to assist the Company in its discussions and negotiations with existing joint venture partners, and those introduced by MAP Capital both in Australia and overseas. And, thirdly to advise on appropriate capital raising approaches in the short and medium terms to improve shareholder value in the Company (ASX Announcement 1 March 2013).
2. The Company's cash at bank as at 31 March 2013 was \$95K. The Company continued to operate 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 and Managing Director have continued to forgo their fees during this period.

The Company signed a funding agreement by way of a draw down loan facility for \$250k 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). To date \$200k has been drawn down.

3. The Managing Director travelled to Europe in February 2013 and together with the Principal of MAP Capital, Mr Paul Salter, visited 2 companies that have expressed a desire to work with Papyrus. At this juncture the nature of any potential arrangements are commercial in confidence. The Managing Director then travelled to Egypt at the request of the Directors to assess the progress of Papyrus Egypt and in particular the joint venture partner The Egyptian Banana

Fibre Company. On his return he reported that the commercial environment in Egypt continues to be very difficult. As a consequence the Directors have agreed to not invest any further resources in promoting Papyrus Egypt until the internal conditions of the country improve.

4. During the quarter the Company's relationship with its partners in the Yellow Pallet concept proposal broke down over a requirement by the other partners for Papyrus to put in further funds to assist in additional feasibility studies, which the Company disagreed with, preferring an approach to generate revenues as a priority. The Company's involvement with this project has not been wasted, as valuable knowledge has been gained, which the Company is now utilising. The Company will make an announcement when appropriate.

Post 31 March 2013

Mr Donald Stephens, a Non-Executive Director and experienced Company Secretary has accepted the appointment as Company Secretary following the resignation of Mr Pierre Van Der Merwe (ASX Announcement 17 April 2013). The Chairman wishes to place on record the Company's thanks to Pierre for his competent service and offers the Company's best wishes for his future career pursuits.

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 LIMITED

ABN

63 110 868 409

Quarter ended ("current quarter")

31 March 2013

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	-	2
1.2 Payments for (a) staff costs	(78)	(232)
(b) advertising and marketing		
(c) research and development		
(d) leased assets	(1)	(20)
(e) other working capital	(55)	(293)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	2
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(135)	(545)

+ 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 (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(135)	(545)
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		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	20	74
(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)		
Net investing cash flows	20	74
1.14 Total operating and investing cash flows	(115)	(471)
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 *	50	200
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	50	200
Net increase (decrease) in cash held	(65)	(271)
1.21 Cash at beginning of quarter/year to date	160	366
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	95	95

* Borrowings received during the quarter related to the funding arrangement in place between Papyrus Australia Limited and an entity associated with the Company's Managing Director, Mr Ramy Azer. Refer to the Company's ASX announcement dated 11 October 2012 for further details.

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	250	200
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	33	18
4.2 Deposits at call	62	142
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	95	160

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



Donald Stephens
 Director

Date: 26 April 2013

+ 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.

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