



**31 January 2014**

**Appendix 4C Commentary - Quarter ending 31 December 2013**

**Key Activities for the Quarter**

1. During the period the Directors remained focussed on preserving the Company's working capital and continued to work with MAP Capital Advisors ("MAP") a Melbourne based independent boutique investment and advisory firm, on the Company's future commercial opportunities and directions in pursuit of its commercialisation strategy of becoming a technology development and licencing company.

The Company acknowledges that it must partner others to get the first commercial banana fibre production facility off the ground. As with the proposed Walkamin project and the Egypt project (previously reported) the Company will partner with others at the outset to satisfy concerns about the risks believed to be associated with being the first to undertake the manufacture of various banana fibre products worldwide.

2. The Company's cash at bank as at 31 December 2013 was \$118K. 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 have continued to forgo their fees during this period.

The Company entered into agreements with new and certain existing shareholders to raise \$370,000 by way of a placement of 37,000,000 ordinary fully paid shares in the capital of the Company at a price of \$0.01 per new share. \$270,000 of this funding has been received with \$100,000 expected to be received in February 2014.

The funds raised have and will be used to fund working capital requirements and, in particular, to assist the Company in the establishment of the proposed new JV company operating out of the Company's factory at Walkamin in Far North Queensland (refer ASX Announcement 1 October 2013).

3. In October 2013 the Company's Managing Director together with MAP's Managing Director and representative from the operator investor travelled to China to inspect, test and procure some identified equipment for the proposed JV.

4. The Company's 2013 Annual Report was released to the market (ASX Announcement 28 October 2013) and the Annual General Meeting was held on 27 November 2013 (ASX Announcement 28 October 2013 and 27 November 2013).

At the Annual General Meeting the Chairman provided a comprehensive briefing as to the state of affairs of the Company, in particular why previously stated objectives had not been achieved in the current economic climate and what had been achieved during the previous financial year. (See ASX Announcement 27 November 2013 – click [here](#) to view).

At this meeting the Chairman announced the retirement of non-executive director Mr Colin Dunsford AM following 3 years of outstanding service and support to the Company. The Chairman noted Colin's "wise counsel has been greatly appreciated by us all during this time as we have endeavoured to find a new way forward for the Company".

The Chairman also announced the appointment of 2 new directors – Mr Vince Rigano, a former Company Secretary, a founding shareholder and supporter of the company since 1995 and Mr Andrew Ford who has for the past several years been the Chairman of Woods Bagot an international design practice with several offices worldwide. Andrew brings to the company outstanding international business experience and in particular project management experience which is now a much needed skill for the benefit of the Company.

### **Update post 31 December 2013**

The Managing Director visited Egypt in the later part of December 2013 and early January 2014. The purpose of the trip was to:

- meet the Company's Egyptian partners to finalise the planning of the factory in Sohag, Upper Egypt, in readiness to receive the proprietary machinery and to gain assurance the Egyptian partners had sufficient Opex funding;
- meet the funding agencies interested in financing the machinery for payment to the Company;

- negotiate with an agent with a view to appointing that person to act on the Company's behalf until the joint venture is able to take receipt of the machinery;
- negotiate a Memorandum of Agreement for fibre off-take, and
- liaise with significant Egyptian domiciled investors in the Company.

*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 December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers		
1.2 Payments for (a) staff costs	(56)	(100)
(b) advertising and marketing		
(c) research and development	(3)	(6)
(d) leased assets	(102)	(195)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>(162)</b>	<b>(303)</b>

+ See chapter 19 for defined terms.

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**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(162)	(303)
<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		
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)		
<b>Net investing cash flows</b>	-	
<b>1.14 Total operating and investing cash flows</b>	(162)	(303)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. *	220	320
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(50)	(50)
1.19 Dividends paid		
1.20 Other (provide details if material)		
<b>Net financing cash flows</b>	170	270
<b>Net increase (decrease) in cash held</b>	8	(33)
1.21 Cash at beginning of quarter/year to date	110	151
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	118	118

+ 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	
	Not applicable	

**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

A total of 5,525,000 fully paid ordinary shares at a deemed fair value of \$0.104 per share were issued to a nominee of Talisker Pty Ltd (an associate of the Managing Director Ramy Azer) as part repayment of a loan. The issue of shares reduced the company's current liabilities by \$57,460.

- 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 (Loan from MD)	250	143
3.2	Credit standby arrangements		

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**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	107	115
4.2 Deposits at call	3	3
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.23)</b>	<b>110</b>	<b>118</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.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31 January 2014  
 Donald Stephens  
 (Company secretary)

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## 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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