MARKET UPDATE
QUARTER ENDED 31 MARCH 2005

Redisland Australia
Rapidly becoming the best selling Australian olive oil in Woolworths.

Overview

The Group's newly released Redisland supermarket olive oil brand has achieved traction in the domestic market. It commenced selling in Woolworths late October last year and in just a few months has become the fastest growing and highest selling Australian olive oil in the key 500mL and smaller category. **The Group is please to announce that this has been achieved a year ahead of internal estimates.**

In light of this result Woolworths has agreed to extend its support for Redisland by adding the Group's unique one litre olive oil cask product to its range, by adding the 250mL bottle to all states and by moving the range from the top shelf to the central eye-level position. This change is to take place during May 2005 as a part of the Woolworths bi-annual product category review process.

Anecdotal evidence suggests that the gap between the price of high quality Australian olive oil and bulk European oil is starting to close. Europe has had its third successive poor harvest and this is likely to result in price increases for European products. These factors have encouraged the group to lift its expectations of sales in the domestic supermarket sales channel.

In addition to the positive result with Woolworths, the Group successfully pitched the Redisland range to the Coles supermarket chain. The result was that Coles accepted all three product variants for national distribution in its stores. The Group received its first purchase orders from Coles in mid April. **It is expected that the Coles account will be similar in size to the Woolworths account.**

By the end of May it is expected that Redisland will be sold in around 1,430 supermarkets across Australia giving it greater than 70% market coverage.

The cost of bulk olive oil is now showing signs of downwards movement. The Group has already contracted to purchase bulk olive oil at prices lower than those paid in prior years. The new harvest, which has already commenced and will be completed in June, is expected across the industry to yield the highest Australian crop to date. This is primarily as a result of the major groves, all planted several years ago, reaching production stage. The Group reasonably expects that over the next five years, as the current groves mature, the price of bulk oil will reduce to a level that reflects plentiful supply and normal market dynamics. This is expected to have a favourable impact on the Group's key raw material costs.

The commentary below outlines the key highlights and issues arising during the quarter.

Redisland Success in Woolworths

Analysis of the Woolworths scan data (data recorded by cash registers as consumers purchase goods) shows that Redisland has gained traction in the Australian supermarket scene. When launched Redisland was placed on the top left shelf position in most stores and although the 500mL pack was placed into all Woolworths stores, the 250mL pack had limited distribution and the 1 litre pack was not available.

Since late last year Redisland has gained positive acceptance by consumers in Woolworths and has recently emerged as being the fastest growing and highest selling Australian brand of Australian extra virgin olive oil in Woolworths in the 500mL and under category.

Woolworths has agreed to add the 250mL bottle and the Group's unique 1 litre cask to the range in most stores from early May 2005. In addition, the shelf position of the Redisland range is to be improved from the top left to the centre eye-level shelf. This position is generally considered to be the prime position on a food retailer's shelf. The Group views this development as one of the most significant in terms of market acceptance of premium Australia extra virgin olive oil.

The table below indicates the ranking of extra virgin olive oils in Woolworths stores for the period since Redisland commenced shipping until mid March. Products are ranked by total sales value within that period. It can be seen that not only has Redisland taken the lead amongst Australian olive oils but it is also rapidly gaining ground on high volume and well-established European brands. In some cases it has already climbed above them.

piquant blue Limited

Olive Oil Ranking in Woolworths
Extra Virgin Only
500mL and smaller packs only
24/10/04 - 13/3/05

Product	Value Ranking Based on Total $ Sales	Unit Price	Australian Rank*	European Rank*
W/worths Homebrand 500ml	1	$3.69		1
Lupi 500ml	2	$4.97		2
Bertolli 500ml	3	$5.85		3
Carbonnel 500ml	4	$4.48		4
Borges 500ml	5	$5.34		5
Redisland 500ml	**6**	**$7.98**	1	
Colavita 500ml	7	$7.67		6
Viva Late harvest 375ml	8	$5.08	2	
Cobram 375ml	9	$7.00	3	
Viva Early harvest 375ml	10	$5.42	4	
Moro 500ml	11	$6.06		7
Redisland 250mL	12	$4.98	5	
Always Fresh Aust 375mL	13	$6.28	6	
Carbonnel 500ml Organic	14	$6.84		8
Always Fresh 500ml	15	$5.27		9

** denotes source of the olive oil*

The Group views this result as solid evidence that there is a receptive market for premium Australian oils that are branded, priced and marketed correctly.

Redisland Acceptance by Coles in Australia

Redisland has also been accepted by Australia's other major food retailer, the Coles supermarket chain (which includes the BiLo chain). With over 700 stores this group is roughly the same size as Woolworths.

Redisland is to be sold in all Coles and BiLo stores across Australia. Coles has accepted the same product range as Woolworths that includes the 250mL and 500mL bottles as well as the 1 litre cask. First orders from Coles were received in mid April.

The Group now expects to see production levels escalate later in 2005 to the point where economies of scale start to take effect.

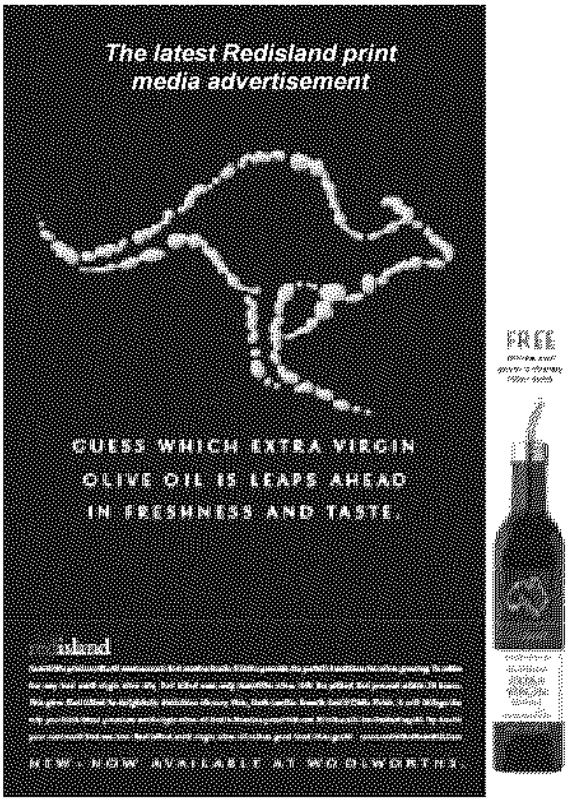
By the end of May 2005 Redisland should be on sale in over 1,430 supermarkets around Australia.

United States Sales Growing

Sales into the US market continue to grow steadily. A further container was shipped to the USA in February and Redisland now has a presence on the West Coast.

The Group's primary USA distributor and importer, Dairyland, has commenced the process of sourcing sub-distribution into markets other than the east coast. As a result Redisland is being marketed into West Coast groups such as Wholefoods, Bristol Farms, Central Markets and Wild Oats.

Discussions are underway to plan the entry of Redisland into mainstream US supermarkets over the next 12 months.



European Sales Repeated

The Group previously announced that it had entered into an agreement with Dutch retailer Oil & Vinegar in which a minimum of AUD$400,000 in stock would be purchased for sale in Oil & Vinegar's gourmet food and gift stores. So far two containers have been ordered for a combined value of AUD$260,000.

The Group continues to see Oil & Vinegar as a useful starting point for the Redisland brand in Europe.

Njoi Update

The Group's premium njoi range of olive oils is now sold around Australia by internal sales representatives. The move away from distributors commenced last quarter when it became apparent that a more direct approach to selling was required. To this end sales representatives have been established in Western Australia, Queensland, Victoria and New South Wales.

The positive impact of this move should be seen in the next quarter.

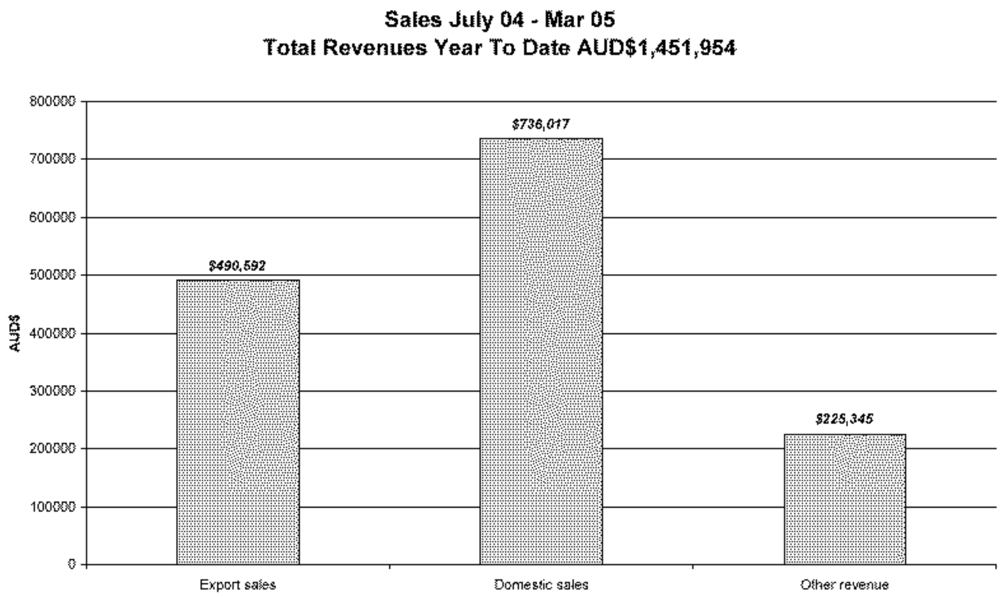
In the meantime the Group is pleased to announce that it has successfully completed a marketing trial with the Action supermarket chain in Western Australia. In this trial several custom built njoi stands were placed into Action stores with delicatessen sections. The trial was intended to determine whether or not the consuming public would be receptive to an upscale premium olive oil in a supermarket environment.

The success of the trial led to a roll-out across the Action chain in Western Australia. Njoi is currently sold in 19 of the 38 Action stores in Western Australia.

Recent njoi print advertisement highlighting the new regional range

Revenue Overview

Revenues for the financial year stand at AUD$1.45M to the end of March. There has been revenue growth each successive quarter this financial year. The chart below highlights the key sources of revenue for the Group.



Production

The Group's production and bottling facility achieved full HACCP accreditation during the quarter. This international food safety accreditation means that the Group's products now meet the most stringent food safety standard in the world and pass the safety standard required by retailers in any market.

The facility is working well within capacity and there is scope for significantly higher production levels without a corresponding increase in capital expenditure.

Early oil purchase contracts are indicating that the price of bulk Australian extra virgin olive oil is easing. This is inline with industry expectations that the total crop this year will be the largest to date. Many large groves are expected to have their first commercial production volume this year as trees around the country reach fruit-bearing age.

The Group is confident that its growing scale of production will allow for more economical purchase of both oil and other packaging materials.

Working Capital

The progress of sales activity in the Group has significantly surpassed its expectations, particularly with its Redisland products in Woolworths. Piquant Blue will act to firm up its position as the leading marketer of branded Australian olive oil. The recent achievements with Woolworths and Coles have, however stretched the Group's working capital reserves (as shown in the Appendix 4C report) and it is currently reviewing a number of financing options.

During the next quarter the Group anticipates receiving increasing amounts of cash from sales as well as the final tranche of equity funds from Timbercorp Limited under the investment and supply contract previously announced.

The total investment by Timbercorp is as follows:

Instalments already made	$1,400,000
Payable on 7 May 2005	$350,000
Total investment:	$1,750,000

The Group has also secured debtors financing facilities that will assist with the increasing level of domestic sales. The Group also has the ability to finance all export sales through borrowings against letters of credit.

Authorised by:

Andrew Konowalous
Managing Director

26 April 2005

About PQB:

PQB was listed on ASX in January 2004 with the specific objective of providing a marketing platform for Australian extra virgin olive oil and related products. PQB has, since its formation in early 2003, established sound credentials in the international olive oil market for its range of olive oils and its innovative marketing approach. PQB focuses exclusively on the marketing segment of the value chain. PQB has formed strategic alliances to secure supply and distribution into key markets.

For further details, please refer to www.piquantblue.com.au and www.redislandaustralia.com.

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

PIQUANT BLUE LIMITED

ABN	Quarter ended ("current quarter")
19 104 555 455	**31 March 2005**

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date $A'000
1.1	Receipts from customers	532	1,159
1.2	Payments for (a) staff costs	(183)	(577)
	(b) advertising and marketing	(267)	(673)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital (including inventory build up)	(533)	(1,835)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	8
1.5	Interest and other costs of finance paid	(4)	(15)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	**(454)**	**(1,933)**

		Current quarter $A'000	Year to date $A'000
1.8	Net operating cash flows (carried forward)	**(454)**	**(1,933)**
	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	(48)	(163)
	(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	-	-
	Net investing cash flows	**(48)**	**(163)**
1.14	**Total operating and investing cash flows**	**(502)**	**(2,096)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.*	350	1,050
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	135	401
1.18	Repayment of borrowings	-	(33)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	**485**	**1,418**
	Net increase (decrease) in cash held	**(17)**	**(678)**
1.21	Cash at beginning of quarter/year to date	246	907
1.22	Exchange rate adjustments to item 1.21	-	-
1.23	**Cash at end of quarter**	**229**	**229**

***$350,000 confirmed investment tranche to be received by PQB on 7 May 2005(refer Market Update commentary).**

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	(28)
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' remuneration (28)

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	258	258
3.2	Credit standby arrangements*	400	48

*These facilities include a rolling debtors financing facility calculated based on domestic sales. In addition to this facility, the Group has facilities to finance export sales by the use of letters of credit.

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	229	246
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	229	246

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	N/A	N/A
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.

Sign here: (Director) Date: 26 April 2005

Print name: **Andrew Konowalous**

+ 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.