piquant blue Limited

MARKET UPDATE

QUARTER ENDED 30 SEPTEMBER 2005

Highlights for the Quarter

- **Capital raising:** Acorn Capital, Australia's leading micro-cap specialist investment management company participated in a $2M issue of new shares. New funds to support Piquant's first moves into the US supermarket scene.
- **USA:** Discussions commenced with large US retailers about broader distribution for Piquant's supermarket brand Redisland Australia.
- **Foodservice:** Agreement reached with Australia's largest foodservice supplier Bidvest to supply large format olive oil packs to restaurants, major venues, hotel chains and other foodservice businesses.
- **Domestic sales:** Sales in Australian supermarkets increased during the quarter and were augmented by the addition of David Jones, Myer and Metcash.
- **New Products:** New spray can pack accepted by Woolworths. New catering blend accepted by Snapfresh, the wholly-owned catering subsidiary of Qantas.

Overview of Sales Activities for the Quarter

Sales continued to grow during the quarter and the Group has now established a solid domestic customer base.

Notable highlights included first shipments of products from the Group's flagship premium brand njoi to important retail accounts such as David Jones and Myer.

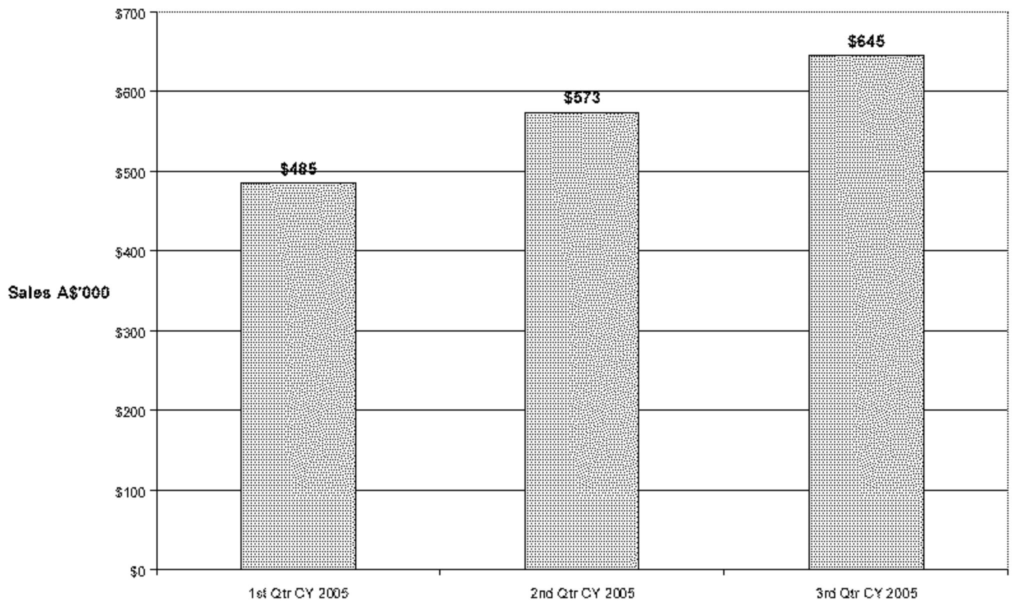
Piquant Blue has commenced supplying Australia's largest foodservice supplies vendor Bidvest. Bidvest Australia Limited, a subsidiary of giant South African group Bidvest Group Limited, has warehouses and sales staff in all states. It is Australia's largest foodservice vendor and has partnered with Piquant Blue to add premium Australian extra virgin olive oil to its range. This account is expected to grow over time to give Piquant significant coverage of the Australian foodservice market which includes major venues, restaurants, hotels, hospitals, caterers and various other types of business that provide hospitality services.

The Group's successful supermarket brand Redisland Australia is already sold in all Coles, Bi-Lo, Woolworths and Safeway stores in Australia. Piquant Blue is pleased to announce that it has also started shipping to independent supermarkets through Metcash Limited. Metcash is a marketing and distribution specialists which supplies over 4,500 independent grocery customers in NSW, Victoria, Queensland and South Australia. Piquant Blue commenced shipping to Metcash customers, via its centralised warehouses, in October.

During the quarter the Group secured distribution of a new product into Snapfresh. Snapfresh is fully owned by Qantas and is Australia's first centralised meal production facility. Located in Queensland, the state-of-the-art plant offers high quality frozen meals to airline and non-airline customers. Key non-airline markets include defence forces, remote sites, healthcare, retail markets and high volume hospitality services. Piquant Blue has developed a new hybrid oil blend that combines the best of Australian premium extra virgin olive oil, Australian canola oil and Australian cottonseed oil. The development and acceptance of this product marks the first time the Australian olive industry has been able to effectively compete with high volume European imports of refined olive oil with a higher quality standard and lower price. It is expected that this new blend will be sold into the general foodservice market in the near future.

The Group's focused its sales program on expanding the domestic customer base during the quarter. It continues to review export sales strategies, especially in relation to key markets such as the US. The Group continues to work towards establishing a direct sales and logistics presence in the US in order to bypass traditional distributors. Piquant Blue maintains its view that export markets and the US in particular will outstrip domestic sales in the medium term.

Quarterly Sales for the Calendar Year 2005



European Harvest Update

Reports from European producers indicate that the Spanish and Italian crop will be down significantly again this season. European producers are counter-seasonal to Australian producers and will shortly commence their annual harvest. The reasons for the low expectations of the European crop include extreme weather conditions such as frosts followed by drought.

One outcome of this situation is that retailers in Europe, Australia and the US are reporting likely price rises for European olive oils. Piquant Blue expects that this situation will start to close the gap in pricing between high volume low quality European oil compared to high quality Australian extra virgin olive oil.

Working Capital Overview

The Group placed 6,666,667 shares at $0.30 per share to raise $2M during the quarter to provide additional working capital and the capacity to start accelerating its entry into the US supermarket scene. The majority of the placement was taken by Acorn Capital Limited. Acorn is Australia's leading micro-cap specialist investment management company and provides discretionary investment management services to institutional investors. It currently has over $500m under management.

The current working capital position together with unsecured loan facilities and bank debtor funding facilities will enable the continuation of the Group's sales growth program.

Fundamentals in Place

With the recent placement Piquant Blue has achieved some of its major early milestones in that it has developed and launched excellent brands to major customers. It has also secured the financial and operational support of Australia's largest olive grower, Timbercorp Limited, and it now has the financial support of a renowned and significant domestic financial institution. These fundamentals have been accomplished in less than two years since listing on ASX in January 2004. An excellent platform has been established for the Group to build momentum in its sales growth activities.

Authorised by:

Andrew Konowalous
Managing Director

28 October 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	**30 SEPTEMBER 2005**

Consolidated statement of cash flows

Cash flows related to operating activities			**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.1	Receipts from customers		541	541
1.2	Payments for	(a) staff costs	(356)	(356)
		(b) advertising and marketing	(241)	(241)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital (including inventory build up)	(505)	(505)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		9	9
1.5	Interest and other costs of finance paid		(14)	(14)
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
	Net operating cash flows		**(566)**	**(566)**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	**(566)**	**(566)**
	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	(92)	(92)
	(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)	-	-
	Net investing cash flows	**(92)**	**(92)**
1.14	**Total operating and investing cash flows**	**(658)**	**(658)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	2,000	2,000
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	296	296
1.18	Repayment of borrowings and costs	(790)	(790)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	**1,506**	**1,506**
	Net increase (decrease) in cash held	848	848
1.21	Cash at beginning of quarter/year to date	436	436
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**1,284**	**1,284**

+ 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	**(60)**
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	**(37)**
Non-Executive Directors' remuneration	**(3)**
Fees paid to director related entities for consultancy services	**(20)**

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	**700**	**325**
3.2	Credit standby arrangements*	**See below**	**-**

*In addition to the loan facilities the Group has access to a revolving debtors financing facility. The limit of this facility increases in line with the available level of debtors balance. The amount used under the facility was $100,000 at 30 September 2005.

In addition to this facility, the Group has facilities to finance export sales by the use of letters of credit.

+ 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	**1,284**	**436**
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**1,284**	**436**

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: .... Date: **28 October 2005**
(Managing Director)

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.

+ See chapter 19 for defined terms.