Rule 4.7B

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 September 2006

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (3months) $A'000
1.1	Receipts from customers		-	-
1.2	Payments for	(a) staff costs	85	85
		(b) advertising and marketing	10	10
		(c) research and development	75	75
		(d) leased assets	4	4
		(e) other working capital	89	89
1.3	Dividends received			
1.4	Interest and other items of a similar nature received		27	27
1.5	Interest and other costs of finance paid			
1.6	Income taxes paid			
1.7	Other –		-	-
	Net operating cash flows		(236)	(236)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (12months) $A'000
1.8	Net operating cash flows (carried forward)	**(236)**	**(236)**
	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	7	7
	(e) other non-current assets	189	189
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 (Gants received in advance)	(63)	(63)
	Net investing cash flows	**(133)**	**(133)**
1.14	**Total operating and investing cash flows**	**(369)**	**(369)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	1	1
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 (provide details if material)		
	Net financing cash flows	1	1
	Net increase (decrease) in cash held	(368)	(368)
1.21	Cash at beginning of quarter/year to date	2,143	2,143
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	1,775	1,775

+ 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	77
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments to directors consist of payments to non-executive directors ($40k) and executive directors (31k).
Paid to a related entity of a director for consulting services on commercial terms ($6k)

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		

+ 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	1
4.2	Deposits at call	1,659	1,659
4.3	Bank overdraft	(12)	(12)
4.4	Other (Grant Account)	127	127
	Total: cash at end of quarter (item 1.23)	**1,775**	**1,775**

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: 30 October 2006

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.

+ See chapter 19 for defined terms.

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.