

**CROSS RELEASE PXUPA**

**ASX RELEASE**

15<sup>th</sup> April 2015

**THE PAPERLINX BENELUX OPERATING COMPANY COMMENCES AN ADMINISTRATION PROCESS. SALES AND REALISATIONS PROCESS FOR REMAINING EUROPEAN SUBSIDIARIES CONTINUES.**

PaperlinX Limited ("PaperlinX") advises that the Directors of PaperlinX B.V., being the PaperlinX operating company in the Netherlands and Belgium, filed for a Suspension of Payments on 14th April 2015 under the Dutch protection mechanisms available to it. This application to the courts resulted in the appointment of an Administrator.

Substantial ongoing operating losses due to declining revenues and falling profit margins from lowered demand for paper in the Benelux region together with challenges in restructuring, the tightening of supplier payment terms following withdrawals of trade credit insurance and the flow on impact of the PaperlinX UK administration culminated in the Directors of PaperlinX B.V. taking this action.

PaperlinX announced on 2 April 2015 that ING had granted an extension up to 15 April 2015 of its lending agreement to assist with the negotiation of the sale of the Benelux. Negotiations on the sale of the Benelux operations failed to result in a sale agreement. As a direct consequence of the Benelux operations commencing the administration process, the ING Dutch receivables financing facility has been terminated with immediate effect.

Whilst the appointment of administrators to the Benelux and UK businesses may have an impact on the remaining European businesses, PaperlinX continues to progress the sales or realisations process of its subsidiaries in Austria, Czech Republic, Denmark, Germany, Ireland, Poland and Spain.

PaperlinX is not expected to receive any material direct benefit from a sale or realisation of any of its European businesses as any proceeds will benefit other European stakeholders.

Given this announcement and clarification of the withdrawal of the Dutch ING facility, PaperlinX has requested that the voluntary trading suspension be lifted by the ASX to allow trading to commence in its ordinary shares.

PaperlinX's successful and profitable business operations in Australia, New Zealand and Asia ("ANZA") have financial separation from European operations. The day to day businesses and operations of the ANZA region remain unchanged.

The Chief Executive Officer of PaperlinX, Mr Andy Preece, said that PaperlinX had made exhaustive efforts to secure a sale of the Benelux business but it was not possible to do so. When it became clear that the business could not be sold as a going concern and with the pending withdrawal of the ING Dutch financing facility, the local directors had no choice but to request the court to commence an administration process.

“We deeply regret the impact this will have on employees and all stakeholders of the Benelux operations in the Netherlands and Belgium, but given the circumstances the commencement of this administration process was the only option for the local Directors”, he said.

Mr Preece said “We have been completely open and transparent about the problems in our European operations for some time but our many repeated attempts to restore profitability have failed. PaperlinX has over the past five financial years, invested substantial funds into the restructuring of the European operations, particularly in the Benelux and the UK; however it has unfortunately not been possible to effect a turnaround in performance. It is therefore no longer in the Company’s best interests to continue funding significant restructuring initiatives in the region or to support ongoing trading losses.”

PaperlinX will continue to keep the market informed of any developments.

-ends-

***Further information:***

**Investor queries:**

Wayne Johnston, Deputy Chief Financial Officer & Executive General Manager  
Corporate Services, PaperlinX Limited - +61 3 9764 7393

**Media queries:**

Ian Howarth, Hintons - Mobile: +61 407 822 319

Tim Duncan, Hintons – Mobile: +61 408 441 122