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**PAPERLINX GERMANY ENTITIES COMMENCE ADMINISTRATION
PROCESSES**

PaperlinX Limited ("PaperlinX") advises that its German paper merchanting operation (PaperlinX Deutschland GmbH) and its immediate parent entity (Deutsche Papier Holding GmbH) commenced administration processes on 19 October 2015. A German Court approved applications made by the local Director of these entities for them to enter into 'Debtor in Possession' insolvency proceedings. This will result in the local Director directly managing and administering these entities under the supervision of a court appointed Trustee.

The paper merchanting operation in Germany has been trading unprofitably. The decision to file for insolvency proceedings was taken by the local Director given that attempts to divest this division over the course of the last few months have been unsuccessful to date. The Debtor in Possession proceedings allows the business to continue to trade unrestricted whilst the local Director and Trustee continue to seek opportunities to divest the operations.

The Visual Technology Solutions (VTS) operation in Germany (PaperlinX VTS Deutschland GmbH) remains solvent and continues to trade as normal but is now under the direct management and administration of the local German Director given the appointment to the German holding company.

As disclosed in the 2015 Financial Report, there is a contingent liability with respect to a guarantee given on a property lease obligation in Germany. As the court has approved the commencement of Debtor in Possession proceedings and attempts to sell the business continue, the extent of any liability relating to the lease or any other potential exposures is uncertain and therefore cannot be reliably estimated at this stage. PaperlinX will update the market of any material developments as they occur.

These events in Germany will have no impact on the trading operations of PaperlinX's businesses in Australia, New Zealand and Asia.

Further information:**Investor queries:**

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