

PRESS RELEASE

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Australian Paper Management Structure Changes

PaperlinX has today announced a major restructuring of the management of its Australian paper manufacturing business, Australian Paper. Commenting on the changes, PaperlinX Managing Director, Ian Wightwick said, "As indicated by PaperlinX's Chairman in his address to our Annual General Meeting in October, earnings in our Australian Paper business have been severely impacted by the strong appreciation of the Australian dollar. The stronger dollar results in reduced selling prices in Australia as we compete with import prices and reduces the competitiveness of our export volumes."

"Having foreseen a continuation of challenging trading conditions, PaperlinX embarked upon a profit improvement programme which has resulted in reducing costs. However, the continuing strengthening of the Australian dollar has required a more radical change to the way we do our business."

"The restructured senior management of Australian Paper has resulted in a leaner and more efficient team to lead the Division. The major focus is to improve our responsiveness to our customers' needs, and to ensure we add value in our capacity as a local producer. Unfortunately this process has resulted in job losses, including a number of senior positions within Australian Paper's head office."

"The continued appreciation of the Australian dollar since the Annual General Meeting has increased the impact on PaperlinX's earnings, and the cost reduction and restructuring initiatives taken by management only partially offset this impact."

Whilst the movement in the Australia dollar is obviously outside our control, we continue to take action to respond to the changing dynamics of the business environment in which we operate.”

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Editors Note:

PaperlinX is a leading international paper merchant, with businesses in Australasia, Asia, North America, Europe and South Africa. Through its Australian Paper division, it is also the only Australasian producer of high quality communication papers, and a major producer of high performance packaging and industrial papers. PaperlinX is listed on the Australian Stock Exchange under the symbol “PPX”.