ASX RELEASE

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PAPERLINX 2009 FULL YEAR RESULT

PaperlinX today announced results for the year ended 30 June 2009. Divisional EBIT (excluding corporate costs and significant items) was $110.1 million (down 42% on the prior year), while reported EBIT before significant items but including a range of debt related costs was $16.4 million. Total loss after tax for the year was $(798.2) million, including $(727.9) million in significant items ($(734.6) million pre tax). There will be no final dividend for the year.

The key features of this result are:

- The sale of Australian Paper (excluding the Tasmanian operations), substantially reducing debt
- An unprecedented deterioration in global paper demand reduced volumes in our key markets by 15 – 20% in the second half
- Structural cost reduction programmes were undertaken
- Release of cash from working capital was increasingly positive through the year
- PaperlinX's banks and noteholders have agreed to commit to terms and new covenants that will secure bank borrowings out to February 2011 and note holder debt to 2013/15.

Commenting on the result, PaperlinX CEO Mr Tom Park said, "This has been an extremely difficult year, with paper demand in all markets severely depressed by the global recession."

In response to this negative environment, PaperlinX has undertaken a series of actions to mitigate earnings pressure, to strengthen the balance sheet, and to position the Company for the future:

- Substantial debt repayment through the sale of Australian Paper and European properties and an equity raising. Net debt of $217 million at 30 June 2009 compares with $1,062 million at 31 December 2008 and $776 million at 30 June 2008.

- Net working capital at 30 June 2009 reduced by $184 million versus the prior year end. This includes the impact of the sale of Australian Paper offset by unfavourable currency movements. The year end working capital/sales ratio for the Company is the lowest it has ever been at 13.6%, led by structural reductions in inventory.

- Major expense reductions including a 13% reduction in North America and a 9% reduction in Europe versus the prior year, underpinned by a worldwide headcount reduction of 632 (8%) in the financial year (excluding the sale of Australian Paper). Expense reductions accelerated in the second half of the year.

- Additional head office restructuring activities resulting from the sale of Australian Paper will benefit 2010 with a lower cost base and a more efficient structure.

- A freeze on management salaries and Board fees, along with senior management not receiving cash bonuses in 2009 are also a part of the Company's cost reductions.

"The difficult conditions that began to impact in the first half of the 2009 financial year accelerated throughout the second half, with volume declines overwhelming the many positive actions that were completed to support the Company results", Mr Park said. "The depressed results, compounded by foreign exchange losses in the first half and expected property sales not completed by 31 December 2008 (subsequently completed in the second half of the 2009 fiscal year) caused the Company to breach banking covenants which in turn led to significant lender fees and advisor charges that would otherwise not have been incurred."

"We have actively addressed our cost base with headcount reduced by 632, excluding the sale of Australian Paper. In local currency, second half expenses in Europe were down 12% versus the prior period, in North America down 21% and down 5% in Australia / New Zealand / Asia, showing the momentum being achieved in this area."

"We have raised equity, sold Australian Paper and other assets, and structurally reduced working capital which has significantly reduced our debt. Our banks and noteholders have agreed to commit to terms which give us time to better align our funding structure with our business structure post the Australian Paper sale."

"The 2009 financial year was particularly challenging. The global financial crisis and its impact on business and consumer confidence had a severe impact on volumes in the paper industry leading to unprecedented falls in the second half. Along with this, the paper supply chain lost confidence and all participants reduced inventory at the same time. This has exacerbated and extended the volume impact beyond what we had assumed even a few months ago. While the benefits from the changes we made were initially overwhelmed by the sheer magnitude of the volume falls, we are now realising the full year effect of cost reductions taken over the past year."

"While the first half of 2010 will remain tough coming off a weak second half of 2009, it will see the net benefits from cost reductions already made. The improving consumer and economic sentiment seen in our major markets has yet to be reflected in a lift in demand in these markets."

RESULTS FOR THE YEAR ENDED 30 JUNE 2009

PAPERLINX LIMITED AND CONTROLLED ENTITIES		Year ended 30 June 2009	2008	% change
Sales revenue	$M	7,106.6	7,485.1	(5)
Total earnings from operating activities before interest, income tax, amortisation, depreciation and significant items (EBITDA pre significant items)	$M	93.6	254.3	(63)
Divisional EBIT	$M	110.1	190.4	(42)
Total earnings from operating activities before interest, income tax and significant items (EBIT pre significant items)	$M	16.4	160.4	(90)
Significant items (pre tax)	$M	(734.6)	0.0	
(Loss)/profit from operating activities before interest and income tax (EBIT post significant items)	$M	(718.2)	160.4	
(Loss)/profit after tax (pre significant items)	$M	(70.3)	72.2	
(Loss)/profit after income tax (post significant items)	$M	(798.2)	72.2	
Step-up Preference Security (SPS) distribution	$M	(14.9)	(26.7)	
Key ratios				
Earnings before interest, income tax and significant items to average funds employed	%	0.6	5.7	
Net working capital (30 June)	$M	966	1,150	(16)
Operating cash flow	$M	(6.0)	117.1	
Net debt	$M	217	776	(72)
Net debt/net debt & equity	%	14.6	28.7	(14.1) pts
Basic earnings per share post SPS distribution	cps	(145.6)	10.1	
Dividend per share (total annual)	cps	0.0	6.5	(6.5)¢

Note*: In this statement, currency is in Australian dollars unless otherwise indicated.*

The results include the results of both continued and discontinued manufacturing operations

Introduction

The reported after tax loss of $(798.2) million for the year has been significantly impacted by impairment charges, loss on sale of Australian Paper and related restructuring costs totalling $(727.9) million after tax. Results were additionally impacted by the weak operating environment, foreign exchange losses primarily in the first half, one-off restructuring costs and increased finance costs and charges. A reported after tax loss (before significant items) of $(70.3) million for the year compared with a profit of $72.2 million in the prior year. Reported EBIT before significant items was $16.4 million, while divisional EBIT (reported EBIT before corporate and related costs) of $110.1 million was down 42% on the prior year.

A breach of banking covenants resulted in significant fees charged by lenders and their advisors, along with increased margins and fees related to the granting of waivers for those breaches. Total costs in 2009 were $68.9 million, including a $25 million make whole fee incurred on the paydown of the US Private Placement notes.

The average working capital sales ratio was impacted during the middle of the year due to the sharp decline in volume resulting in an average working capital / sales ratio of 19.4% versus 17.9% for fiscal 2008, although inventory reductions resulting from improved processes in the second half helped year end working capital reduce by $184 million, with the 30 June 2009 working capital / sales ratio reduced to 13.6% (versus 15.4% at 30 June 2008). At constant currency, year end Merchanting working capital reduced by $127 million during this period.

Merchanting

The Merchanting businesses achieved reported EBIT of $82.3 million, down 56% on the prior year. Trading EBIT in North America was down 76% in local currency with volumes and margins impacted by weak demand as was the case in all markets, Europe was down 69% in local currency while Australia, NZ and Asia was up 23% as early year currency movements led to necessary price increases and markets held up better than in other regions. Overall Merchanting volume for the year was down 13% due to the general market weakness, but down 19% in the second half. Lower market volumes led to reduced EBIT margins as the falls in volume ran ahead of an aggressive set of cost reduction measures.

Total Merchanting return on average funds employed was 4.8% before significant items. Overall trading expenses were down in all markets in local currency, with second half reductions versus prior of (12)% in Europe, (21)% in North America and (5)% in Australia / NZ / Asia. The year end working capital to sales ratio reduced to 13.5% from 14.2% at the end of the prior year, supporting the positive free cash flow of $164 million from the combined Merchanting businesses.

Manufacturing

Earnings for Manufacturing in Australia this year have been separated between discontinued and continuing operations following the sale of Australian Paper (excluding the Tasmanian operations). Continuing operations are the results of the Tasmanian operations, now called Tas Paper, and are included for the full 12 months. Discontinuing operations are the results for 11 months for the balance of the Manufacturing operations of PaperlinX in Australia, including Dalton Web and the paper trading business, PPM (previously reported in Australia / New Zealand / Asia Merchants). Historic earnings have been adjusted to match this year's reporting structure.

Reported EBIT of $27.8 million was up on the adjusted $4.7 million in 2008 as the business benefited from a lower average exchange rate and the second half contribution from the completed pulp mill upgrade, though the strengthening Australian dollar towards year end depressed 4th quarter earnings.

OPERATING EARNINGS

The following table shows, for PaperlinX Limited and controlled entities, earnings, sales revenue and total assets by industry segment for the year to 30 June in Australian dollars. Segment results exclude significant items, but include one-off costs and benefits, including restructuring charges to benefit future years. Historical comparisons are adjusted for the sale of Australian Paper.

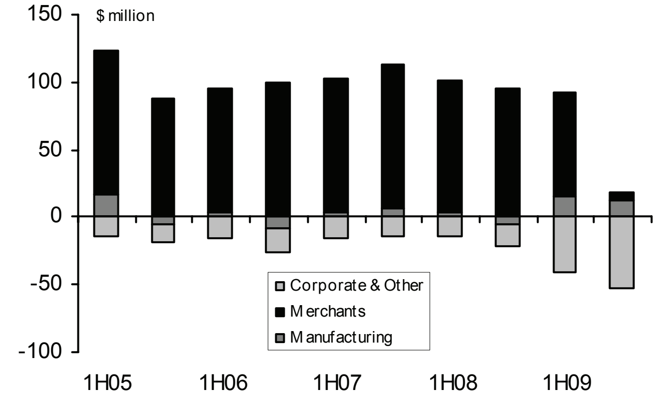
	Earnings		Sales revenue		Total assets	
	June 2009 $M	June 2008 $M	June 2009 $M	June 2008 $M	June 2009 $M	June 2008 $M
Merchanting						
Europe	56.5	139.0	4,375	4,573	1,824	2,020
North America	7.9	32.4	1,276	1,275	418	457
Australia, NZ and Asia	17.9	14.3	655	670	378	376
Inter-merchant Sales			(10)	(6)		
Total Merchanting	82.3	185.7	6,296	6,512	2,620	2,853
Manufacturing						
Continuing	(8.7)	(26.1)	240	287	134	112
Discontinuing	36.5	30.8	752	863	-	1,309
Inter-segment sales			(15)	-		
Total Manufacturing [1]	27.8	4.7	977	1,150	134	1,422
Divisional EBIT	110.1	190.4				
Corporate[2]	(93.7)	(30.0)	-	-	99	35
Operating earnings before interest, income tax and significant items (EBIT pre significant items)	16.4	160.4				
Significant Items						
Continuing	(107.9)	-				
Discontinuing	(626.7)	-				
Total significant items	(734.6)	0.0				
Operating earnings before interest and income tax (Reported EBIT)	(718.2)	160.4				
Net interest [3]	(81.8)	(60.0)				
Income tax expense	1.8	(28.1)				
Minority interests	-	(0.1)				
Inter-segment sales			(166)	(177)		
Unallocated assets (deferred tax assets)					94	68
Total	(798.2)	72.2	7,107	7,485	2,947	4,378

Notes –
(1) Manufacturing includes discontinuing operations for 11 months and continuing operations (Tas Paper) for 12 months.
(2) Corporate includes Group overheads, governance and compliance costs, lender advisor costs, public company costs, Group wide long term incentive costs and applicable one-off items including unfavourable FX impact primarily in the first half.
(3) Interest

A$M	2009	2008
Interest	86.5	84.2
Default interest	10.1	0.0
Interest received	(3.4)	(5.4)
Capitalised interest	(11.4)	(18.8)
Net interest	81.8	60.0

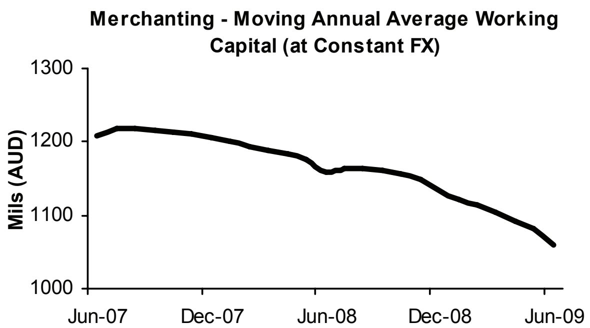
Divisional EBIT

This chart shows the divisional operating earnings over time. Divisional EBIT is total EBIT before corporate costs and significant items. It clearly shows the sharp decline in earnings in the second half, bringing full year divisional EBIT to $110.1 million excluding corporate of $(93.7) million and pre-tax significant items of $(734.6) million.



Merchant working capital

The moving annual average working capital (at constant FX) for the Merchants at June 2009 was $1,060 million (shown in graph). This was 8.4% lower than at 30 June 2008 though year end working capital was 16% lower than prior as second half initiatives materialised.



Financial position

At 30 June 2009, PaperlinX had a gearing ratio of net debt to net debt plus equity of 15%.

Having resolved issues surrounding breaches of covenants in the 2009 financial year, PaperlinX and its banks and noteholders have agreed to commit to terms that will secure bank borrowings out to February 2011 and noteholder debt to 2013/15. The covenants for fiscal 2010 will be based on the company meeting earnings targets after an allowance for contingencies for this financial year. After that period covenants will revert to a combination of gross interest cover, gross leverage ratio and a total debt to total capitalisation ratio. PaperlinX will be committing to a set repayment schedule for its current debt facilities through to the maturity of its bank lending facility in February 2011. Remaining US Private Placement Notes will mature variously between 2013 and 2015.

Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA) was $93.6 million. Net cash flow from operating activities was an outflow of $(56) million, as compared with a net inflow of $117 million in the prior year with depressed earnings and one-off restructuring costs more than offsetting improvements in working capital and asset sales.

Net debt decreased to $217 million compared to $776 million at the same period last year, and $1,062 million at 31 December 2008. The decrease since December was driven by the cash received for the sale of Australian Paper, property sales in Europe and a strong reduction in working capital. Gross debt for the Group at 30 June 2009 was $586 million, down from $1,410 million at 31 December 2008 and $1,017 million at 30 June 2008.

Capital expenditure in the year was $180.1 million (including $118.9 million on the pulp mill upgrade and on ancillary catch-up capital, with normal sustenance capital below depreciation).

Average funds employed were down only $71 million primarily due to the late in the year (1 June 2009) impact of the sale of Australian Paper and reductions in working capital, partially countered by currency movements.

During Oct/Nov 2008 a net $177 million was raised through a share rights issue.

Property and other asset sales realised net cash of $153.2 million during the year.

Significant Items

A key feature of this years result is the level of significant items. A total charge of $(734.6) million pre-tax ($(727.9) million post-tax) is included in this result. This includes, on a pre tax basis, $(47.7) million loss on sale of discontinued operations, $(25.4) million transaction costs, $(37.2) million financing costs, $(19.2) million restructuring costs for a total of $(129.5) million compared with guidance of $(150) million loss on sale. Additionally, a $(37.6) million impairment of European assets has been booked. It also includes the $(567.5) million impairment taken in the first half result.

Dividend and Distributions

There will be no final dividend on the Ordinary shares of PaperlinX Limited for the 2009 financial year.

As the Company was not able to secure approval from its lenders for the 30 June distribution on the PaperlinX Step-up Preference Securities (SPS), a dividend block on the Ordinary shares is now in place until such time as PaperlinX has paid two consecutive distributions on the SPS. While SPS distributions are non-cumulative, the Company has the option of making up missed payments, subject to lender approval. The Company remains in discussion with lenders over SPS distributions, but there is no certainty that this approval will either be given, or withheld. Lenders retain the right of approval until such time as they choose to waive the right, or lending facilities mature.

Remuneration

Given the company’s circumstances, senior management have volunteered to receive no cash payment under the short term incentive plan for 2008/09 even where agreed performance targets had been met or exceeded. Likewise, there will be no increase in employee salaries including executive remuneration and non-executive director fees in 2009/10, with the exception of increases required to be paid under industrial awards or agreements.

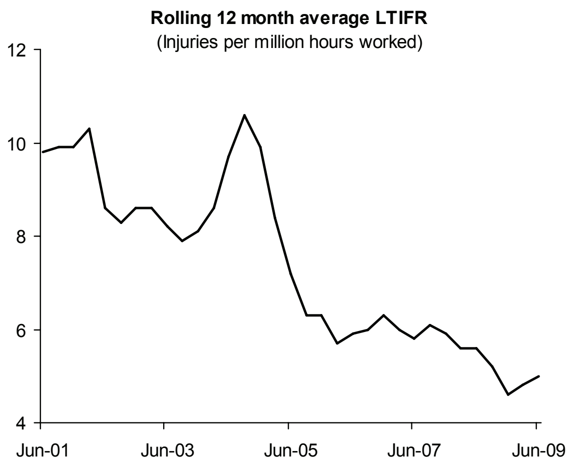
Employees

As at 30 June 2009, PaperlinX had 7,199 employees, down 23.1% on 2008. Adjusting for the sale of Australian Paper (excluding Tasmanian operations) the reduction in head count over the year was 8.1% (632). Of our employees 15.7% are in Australia, New Zealand and Asia, 65.3% in Europe and 19.0% in North America. Around 93 % of employees are in Merchanting, 6% in Manufacturing and less than 1% are in the Group Office.

Safety

Achieving our goal of no accidents and injuries is a continuous challenge. Over the past eight years the overall lost time injury frequency rate (LTIFR) has been reduced 49%, with the Group's rolling LTIFR decreasing from 5.6 to 5.0 in the last 12 months (down 11%). This is adjusted for the sale of Australian Paper.

Safety and health will continue to be a key focus for PaperlinX at all levels of management and operations. 44% of employees around the world took advantage of the free health check offered as part of HealthLinX, PaperlinX's global health and wellbeing programme.



Sustainability

PaperlinX has a long-term commitment to the environment and is focusing on areas where sustainability can deliver real and credible benefits at many levels. Our merchants seek to be leaders in providing environmental information and product options in their markets and environmental solutions for their customers.

We believe there are three critical areas our organisation should focus on:

1. Energy use and carbon footprint (greenhouse gas emissions)
2. Resource use and water management
3. Waste reduction and recycling

PaperlinX had no significant environmental breaches or non-compliance with environmental regulations during the period.

Sustainability highlights for the year include:

- Ranking equal-first in the 2009 WHK Horwath Corporate Governance Report, which assesses the corporate governance structures and policies of Australia's largest 250 listed companies.
- For the fifth consecutive year, PaperlinX has satisfied the requirements of the FTSE4Good Index Series by meeting global standards of corporate responsibility for social, ethical and environmental performance. We once again participated in the Carbon Disclosure Project Survey in Australia.
- Our Australian-made range of carbon-neutral papers, ENVI™, won three categories in the 2009 Australian Business Awards: Best Eco-Friendly Product, Product Innovation, and Marketing Excellence.
- Reached our target of 100 per cent of operating companies achieving multiple chain-of-custody certification.

Impact of Carbon Pollution Reduction Scheme

The Australian Federal Government has proposed introducing a Carbon Pollution Reduction scheme (CPRS). While actively preparing for the introduction of such a scheme, with well developed carbon reporting systems and significant reductions made over a number of years, PaperlinX has not yet incorporated the potential impacts of a CPRS into its cash flow assumptions as insufficient market information exists.

With the sale of Australian Paper (excluding Tasmanian operations), PaperlinX's carbon footprint is significantly reduced and any potential cost of a CPRS is not expected to be material.

PaperlinX has implemented a global carbon policy to ensure consistent explanations across the Group in measurement of carbon intensity of our own operations and of the products the Group buy and sell.

BALANCE SHEET

PAPERLINX LIMITED AND CONTROLLED ENTITIES		June 2009	June 2008
Current assets	$M	2,311.3	2,677.7
Non current assets	$M	636.2	1,700.0
Total assets	$M	2,947.5	4,377.7
Current liabilities	$M	1,502.7	1,536.0
Non current liabilities	$M	173.8	917.1
Total liabilities	$M	1,676.5	2,453.1
Shareholders equity	$M	1,271.0	1,924.6
Key balance sheet ratios			
Net debt	$M	217.0	776.0
Net tangible assets per share	$	0.85	2.59

INCOME STATEMENT

PAPERLINX LIMITED AND CONTROLLED ENTITIES	Year ended 30 June	
	2009 $M	2008 $M
SALES REVENUE	7,106.6	7,485.1
Operating earnings before depreciation, amortisation, interest, income tax and significant items (EBITDA)	93.6	254.3
Depreciation, amortisation and non-significant impairments	(77.2)	(93.9)
Significant items	(734.6)	0.0
Operating (loss)/earnings before interest and income tax (EBIT)	(718.2)	160.4
Net interest expense	(81.8)	(60.0)
Operating (loss)/profit from ordinary activities before income tax	(800.0)	100.4
Income tax expense on operating profit	1.8	(28.1)
NET (LOSS)/PROFIT AFTER TAX	(798.2)	72.3

RETURN ON AVERAGE FUNDS EMPLOYED (1)

		Year June 2009	Year June 2008
Merchanting*	%	4.8	11.4
PaperlinX Group	%	0.6	5.7

* before allocation of corporate overheads

(1) EBIT excluding significant items / average funds employed

DIVISIONAL COMMENTARY

MERCHANTING – TOTAL

		Year June 2009	Year June 2008
Sales volume	'000 tonnes	2,989	3,424
Sales revenue	A$M	6,296	6,512
Earnings before interest, tax and significant items	A$M	82.3	185.7
EBIT/sales ratio	%	1.3	2.9
Return on average funds employed	%	4.8	10.9

- Overall sales volume for Merchanting was down 13%, in line with lower volumes in key markets. Second half volumes were down 19%.
- Revenue in sign and display, graphics and industrial packaging was down in source currency, with these non-paper businesses accounting for 17% of gross profit.
- Sales revenue for the total Merchanting business was down 3% benefiting from currency translation to Australian dollars.
- Margins benefited from an improved ratio of warehouse sales (higher margin) to indent sales (lower margin).
- Trading expenses were down in all regions. Across all merchanting businesses head count was down 8.1%, adjusted for the sale of Australian Paper.
- Average working capital was $1.1 billion, similar to the prior year; while the year-end working capital reduction of $71 million ($127 million at a constant currency) versus the prior year was a decrease of 8% despite negative currency translation impacts. Notwithstanding second half volume falls, year end inventory days were down from 64.5 to 58.9 across merchanting as a result of improved processes.

Europe

		Year June 2009	Year June 2008
NW Europe	'000 tonnes	616	690
UK & Ireland (1)	'000 tonnes	990	1,147
Central & Southern Europe	'000 tonnes	474	528
Total European sales volume	'000 tonnes	2,080	2,365
Sales revenue	€M	2,337	2,743
Trading earnings before interest and tax	€M	20.9	67.3
Reported Earnings before Interest, tax and significant items	€M	30.2	83.3
Trading EBIT/sales ratio	%	0.9	2.5

Note (1) Also includes volume from South Africa

- Overall sales volumes were down 12%, with second half volumes down by 18%, in line with falls in the market. Our key markets in the UK and the Netherlands both suffered market driven volume declines, with reduced indent volumes and office products sales.
- Non-paper sales were also impacted by the weak advertising market.
- The average paper price realisation across the European merchanting platform was in line with last year, with the benefits from mix mitigating price declines.

- Trading expenses were down 9% on the prior year, with a headcount reduction of over 7%. Second half expenses were down 12% on the prior year as reductions gathered momentum.
- Trading EBIT was significantly lower than the prior year with the lower volume and margin more than offsetting favourable expenses. Gains on asset sales were more than offset by negative one-off items, restructuring, and significant items. Restructuring costs incurred in the 2009 financial year will provide benefits in 2010 and beyond.
- Net working capital at 30 June 2009 was 22% below the prior June level although the average working capital to sales ratio suffered from an averaging effect and rose slightly from 17.4% to 18.2%.

North America

		Year June 2009	Year June 2008
Sales volume	'000 tonnes	541	645
Sales revenue	US$M	962	1,138
Trading Earnings before interest and tax	US$M	6.5	26.7
Reported Earnings before interest, tax and significant items	US$M	6.0	28.9
Trading EBIT/sales ratio	%	0.7	2.3

- Overall market conditions were soft, with the US showing reduced market volumes (US coated woodfree paper apparent consumption down 25.7% in the 12 months to June, 31.6% down in the second half).
- Sales volume decline for North America of 16% was favourable to a sharply lower market, but was impacted by the 25% market decline in the second half. Market share growth was positive.
- US paper selling prices continued to be supported by mill capacity reductions. Realised prices were flat in total across North American Operations in US$ over last year, however they were up in local currencies in both the US and Canada.
- Operating expenses were down around 13%, as a result of both the slower market and an active cost reduction programme. Second half expenses were down 21% on the prior year as reductions gathered momentum. Head count was down 16.5% versus last year.
- Average working capital to sales at 13.7% was a slight deterioration over the prior years' 12.7%, but credible in light of the external environment. Year end working capital/sales ratio at 10.3% reflected the strong improvement in inventories realised in the second half, with year end stock days falling from 69.8 to 60.8.

Australia, NZ and Asia

		Year June 2009	Year June 2008
Sales volume	'000 tonnes	375	419
Sales revenue	A$M	655	670
Trading earnings before interest and tax	A$M	20.0	16.2
Reported earnings before interest, tax and significant items	A$M	17.9	14.3
Trading EBIT/sales ratio	%	3.1	2.4

- Historic comparables have been adjusted to reflect the sale of Australian Paper. Restatements include the removal of historic results from Dalton Web and the paper trading business, PPM, which have been sold as a part of the Australian Paper sale.
- Revenue was down 2% as higher prices balanced lower volumes. Reported EBIT included a net $(4.2) million in non-recurring items as compared with a net $(1.8) in the prior year. The major driver of the EBIT improvement was an improved gross profit percentage.
- Average working capital was negatively impacted by changes in creditor terms as volumes were shifted to Australian Paper during the year, with shorter terms than previous suppliers. There was, however, a good result on June 2009 inventories which were down around 13%, ahead of the fall in volumes.
- Operating expenses were down 2%, with good performances on labour, delivery and discretionary spending, and improving momentum with the second half expenses down 5%. At the end of June, head count was down 5% versus last year adjusted for the sale of Australian Paper.

MANUFACTURING

		Year June 2009	Year June 2008
Discontinued operations			
Sales volume	'000 tonnes	585	721
Sales revenue	A$M	752	863
Reported earnings before interest, tax and significant items	A$M	36.5	30.8
Continuing operations (Tas Paper)			
Sales volume	'000 tonnes	184	234
Sales revenue	A$M	240	287
Reported earnings before Interest, tax and significant items	A$M	(8.7)	(26.1)

- On 1 June 2009, the sale of Australian Paper (excluding Tasmanian operations) was completed. The results reported here include the operations that have been sold (discontinued operations) for 11 months and the operations that have been retained (continuing operations) for the full 12 months. Historic comparatives have been adjusted.
- The upgrade of the pulp capacity at the Maryvale Mill was completed in December 2008, benefiting the second half of the year.
- Overall sales volumes were impacted by the work relating to the pulp mill upgrade, planned shift reductions and one month less for discontinued operations. Underlying volumes were lower in both domestic and export markets due to weaker global demand.
- Price increases implemented at the start of fiscal 2009 were supported by currency, however, the final quarter was impacted by the rising Australian dollar and weakening demand.
- A review is underway of the Tas Paper operations looking at a range of options for this business.

CORPORATE AND OTHER

		Year June 2009	Year June 2008
Corporate overhead	A$M	(32.8)	(41.8)
Financing charges excluding significant items	A$M	(30.6)	(3.9)
FX gains and losses	A$M	(30.3)	15.7
Reported earnings before interest and tax	A$M	(93.7)	(30.0)

- Underlying corporate overhead costs of $32.8 m were significantly lower than the prior year due to reduced incentives and head count.
- The breach of banking covenants resulted in significant fees charged by lenders and their advisors, along with increased margins and fees related to the granting of waivers for those breaches. Total additional costs included in Corporate in 2009 were $30.6 million.
- Earnings also included a significant negative impact resulting from unrealised and realised FX losses that arose from foreign exchange losses on overseas purchases in the Australian businesses and mark to market adjustments on a cross currency swap. This was largely as a consequence of the significant weakening of the AUD from August onwards.

SUMMARY AND OUTLOOK

Weak market volumes continued throughout the second half of 2009 and have carried into the seasonally slow (Northern Hemisphere holidays) first quarter of 2010. We will also see the full benefit of our fiscal 2009 cost reduction activities flow through to fiscal 2010 results. At this stage we have not yet seen the upturn in consumer confidence or economic sentiment evident in our major markets translated into a lift in print demand.

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Forward looking Statements:
Certain statements in this release relate to the future, including forward looking statements relating to PaperlinX's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of PaperlinX to be materially different from future results, performance or achievements expressed or implied by such statements. Neither PaperlinX nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

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