

Appendix 4E

Preliminary Final Report

Introduced 30/6/2002.

Name of entity

PAPERLINX LIMITED

ABN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
70 005 146 350	Error! Book mark not defin ed.	yes	30 JUNE 2003

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

A\$M

Revenues from sales of goods	Up	22.2%	to	3,617.8
Revenues from ordinary activities (<i>item 1.1</i>)	Up	14.2%	to	3,639.2
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	Up	7.4%	to	132.1
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	N/A			-
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	Up	7.4%	to	132.1

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>) This dividend was declared at the date of this report. This dividend has not been provided for in the accounts as at 30 June 2003.	14.0¢	7.0¢
Interim dividend (<i>Half yearly report only - item 15.6</i>)		
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)	14.0¢	10.5¢

†Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see *item 15.2*)

8 September 2003

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer attached news release

+ See chapter 19 for defined terms.

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

Condensed consolidated statement of financial performance

		Current period – A\$M	Previous corresponding period - A\$M
1.1	Revenues from ordinary activities (<i>see items 1.23 -1.25</i>)		
	• From operating activities	3,628.1	2,968.6
	• From outside operating activities	11.1	217.8
		3,639.2	3,186.4
1.2	Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	(3,403.8)	(2,966.5)
1.3	Borrowing costs	(45.0)	(43.0)
1.4	Share of net profits (losses) of associates	-	-
1.5	Profit (loss) from ordinary activities before tax	190.4	176.9
1.6	Income tax on ordinary activities (<i>see note 4</i>)	(58.3)	(53.9)
1.7	Profit (loss) from ordinary activities after tax	132.1	123.0
1.8	Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9	Net profit (loss)	132.1	123.0
1.10	Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11	Net profit (loss) for the period attributable to members	132.1	123.0
Non-owner transaction changes in equity			
1.12	Increase (decrease) in revaluation reserves	-	-
1.13	Net exchange differences recognised in equity	(49.9)	(4.3)
1.14	Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15	Adjustments on initial adoption of Accounting Standards		
	• Revised AASB1028 Employee Benefits	(1.0)	-
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	(50.9)	(4.3)
1.17	Total changes in equity not resulting from transactions with owners as owners	81.2	118.7

Earnings per security (EPS)		Current period	Previous corresponding period
1.18	Basic EPS	36.9	38.2
1.19	Diluted EPS	36.6	37.9

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period – A\$M	Previous corresponding period – A\$M
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	132.1	123.0
1.21 Less (plus) outside ⁺ equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	132.1	123.0

Revenue and expenses from ordinary activities

(see note 15)

	Current period – A\$M	Previous corresponding period – A\$M
1.23 Revenue from sales or services	Refer Below	Refer Below
1.24 Interest revenue	Refer Below	Refer Below
1.25 Other relevant revenue	Refer Below	Refer Below
1.26 Details of relevant expenses	Refer Below	Refer Below
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	66.7	62.5
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-
Borrowing costs		
1.30 Interest expense	42.7	41.0
1.31 Other borrowing costs	2.3	2.0
1.32 Borrowing costs	45.0	43.0

+ See chapter 19 for defined terms.

		CONSOLIDATED	
		2003 \$m	2002 \$m
1.23 – 1.26	REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES		
1.23	Revenue from operating activities		
	Sales of goods	3,617.8	2,960.6
	Rendering of services:		
	• Commissions	10.3	8.0
	Sub-total – Revenue from Operating Activities	3,628.1	2,968.6
1.24 & 1.25	Revenue from outside operating activities		
	Government grants	-	2.8
	Insurance proceeds	5.2	5.1
	Rent Received	0.9	-
	Other Sundry Revenues	0.1	-
		6.2	7.9
	Net foreign exchange gains	0.6	-
	Interest received:		
	• Other	2.2	4.8
	Dividends received:		
	• Other	0.3	0.2
	Proceeds on disposal of		
	• Non-current assets	1.8	4.9
	• Businesses and controlled entities	-	200.0
		4.9	209.9
	Sub-total – Revenue from outside operating activities	11.1	217.8
	<u>TOTAL REVENUE FROM ORDINARY ACTIVITIES</u>	3,639.2	3,186.4

+ See chapter 19 for defined terms.

		CONSOLIDATED	
		2003 \$m	2002 \$m
1.26	<u>EXPENSES FROM ORDINARY ACTIVITIES</u>		
	Cost of Sales	(2,853.2)	(2,338.6)
	Distribution and Warehousing expenses	(248.3)	(182.0)
	Sales and Marketing expenses	(127.0)	(83.6)
	General and Administration expenses (1)	(173.2)	(359.4)
	Research and Development expenses	(2.1)	(2.9)
	<u>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</u>	(3,403.8)	(2,966.5)

- (1) Included in general and administration expenses is the book value of non-current assets disposed of and the book value of businesses and controlled entities disposed of \$1.9 million (2002 \$207.2 million).

Consolidated retained profits

	Current period – A\$M	Previous corresponding period - A\$M
1.30 Retained profits (accumulated losses) at the beginning of the financial period	59.6	28.3
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	132.1	123.0
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	(4.5)
1.33 Net effect of changes in accounting policies	44.2	-
1.34 Dividends and other equity distributions paid or payable	(93.7)	(87.2)
1.35 Retained profits (accumulated losses) at end of financial period	142.2	59.6

+ See chapter 19 for defined terms.

Intangible and extraordinary items

		<i>Consolidated – current period</i>			
		Before tax A\$M (a)	Related tax A\$M (b)	Related outside +equity interests A\$M (c)	Amount (after tax) attributable to members A\$M (d)
2.1	Amortisation of goodwill	15.6	-	-	15.6
2.2	Amortisation of other intangibles	-	-	-	-
2.3	Total amortisation of intangibles	15.6	-	-	15.6
2.4	Extraordinary items (details)	N/A	-	-	-
2.5	Total extraordinary items	N/A	-	-	-

Comparison of half year profits

(Preliminary final report only)

		Current year – A\$M	Previous year – A\$M
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	71.5	64.8
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	60.6	58.2
	Total for year	132.1	123.0

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		At end of current period A\$M	As shown in last annual report A\$M	As in last half yearly report A\$M
Current assets				
4.1	Cash assets	452.0	112.9	183.4
4.2	Receivables	626.6	427.7	685.2
4.3	Investments	-	-	-
4.4	Inventories	528.3	461.3	570.2
4.5	Current tax assets	-	-	-
4.6	Other	-	-	-
4.7	Total current assets	1,606.9	1,001.9	1,438.8
Non-current assets				
4.8	Receivables	2.4	5.4	4.9
4.9	Investments (equity accounted)	-	-	-
4.10	Other financial assets	2.0	1.5	1.5
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.13	Development properties	-	-	-
4.14 (1)	Other property, plant and equipment (net)	1,079.5	1,071.1	1,093.6
4.14 (2)	Standing timber	-	-	-
4.15	Intangibles (net)	247.8	171.3	282.0
4.16	Deferred tax assets	40.2	37.5	37.0
4.17	Other	-	-	-
4.18	Total non-current assets	1,371.9	1,286.8	1,419.0
4.19	Total assets	2,978.8	2,288.7	2,857.8
Current liabilities				
4.20	Payables	462.0	345.3	510.4
4.21	Interest bearing liabilities	43.3	43.6	50.6
4.22	Current tax liabilities	12.1	13.0	11.7
4.23	Provisions exc. tax liabilities	49.2	100.0	53.8
4.24	Other	-	-	-
4.25	Total current liabilities	566.6	501.9	626.5
Non-current liabilities				
4.26	Payables	20.6	1.4	24.1
4.27	Interest bearing liabilities	553.1	400.8	550.7
4.28	Deferred tax liabilities	154.5	132.9	141.8
4.29	Provisions exc. tax liabilities	37.8	38.6	39.5
4.30	Other	-	-	-
4.31	Total non-current liabilities	766.0	573.7	756.1
4.32	Total liabilities	1,332.6	1,075.6	1,382.6
4.33	Net assets	1,646.2	1,213.1	1,475.2

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position (cont)	At end of current period A\$M	As shown in last annual report A\$M	As in last half yearly report A\$M
Equity			
4.34 Capital/contributed equity	1,541.3	1,140.9	1,312.7
4.35 Reserves	(37.4)	12.5	32.3
4.36 Retained profits (accumulated losses)	142.2	59.6	130.1
4.37 Equity attributable to members of the parent entity	1,646.1	1,213.0	1,475.1
4.38 Outside ⁺ equity interests in controlled entities	0.1	0.1	0.1
4.39 Total equity	1,646.2	1,213.1	1,475.2
4.40 Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period A\$M	Previous corresponding period – A\$M
5.1 Opening balance	N/A	-
5.2 Expenditure incurred during current period	N/A	-
5.3 Expenditure written off during current period	N/A	-
5.4 Acquisitions, disposals, revaluation increments, etc.	N/A	-
5.5 Expenditure transferred to Development Properties	N/A	-
5.6 Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A	-

+ See chapter 19 for defined terms.

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period A\$M	Previous corresponding period – A\$M
6.1 Opening balance	N/A	-
6.2 Expenditure incurred during current period	N/A	-
6.3 Expenditure transferred from exploration and evaluation	N/A	-
6.4 Expenditure written off during current period	N/A	-
6.5 Acquisitions, disposals, revaluation increments, etc.	N/A	-
6.6 Expenditure transferred to mine properties	N/A	-
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)	N/A	-

+ See chapter 19 for defined terms.

Condensed consolidated statement of cash flows

	Current period A\$M	Previous corresponding period – A\$M
Cash flows related to operating activities		
7.1 Receipts from customers	3,661.6	3,026.5
7.2 Payments to suppliers and employees	(3,358.5)	(2,626.8)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	0.3	0.2
7.5 Interest and other items of similar nature received	2.2	4.8
7.6 Interest and other costs of finance paid	(43.9)	(33.6)
7.7 Income taxes paid	(44.2)	(47.6)
7.8 Other (provide details if material)	16.5	15.9
7.9 Net operating cash flows	234.0	339.4
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(64.4)	(65.8)
7.11 Proceeds from sale of property, plant and equipment	3.1	4.9
7.12 (1) Payment for purchases of equity investments	(0.5)	-
7.12 (2) Payment for purchases of controlled entities and assets	(327.2)	(24.2)
7.13 (1) Proceeds from sale of equity investments	-	-
7.13 (2) Proceeds from sale of controlled entities and assets	-	197.8
7.14 Loans to other entities	-	-
7.15 Loans (advanced to)/repaid by other entities	3.0	(0.5)
7.16 Other (provide details if material)	-	-
7.17 Net investing cash flows	(386.0)	112.2
Cash flows related to financing activities		
7.18 Proceeds from issues of + securities (shares, options, etc.)	415.0	2.1
7.18 (1) Share Issue Expenses	(4.1)	-
7.18 (2) Share Buy-back	(8.8)	-
7.19 Proceeds from borrowings	705.6	1,749.6
7.20 Repayment of borrowings	(525.7)	(2,073.8)
7.21 Dividends paid	(93.3)	(86.7)
7.22 (1) Other - Loans (repaid to)/received from other persons	0.5	(0.2)
7.22 (2) Other – Principal lease repayments	(0.2)	(0.2)
7.23 Net financing cash flows	489.0	(409.2)
7.24 Net increase (decrease) in cash held	337.0	42.4
7.25 (1) Cash at beginning of period (see Reconciliation of cash)	107.8	90.3
7.25 (2) Cash acquired on acquisition of controlled entities	-	-
7.26 Exchange rate adjustments to item 7.25.	7.2	(24.9)
7.27 Cash at end of period (see Reconciliation of cash)	452.0	107.8

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)

N/A

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period A\$M	Previous corresponding Period – A\$M
8.1 Cash on hand and at bank	153.6	61.8
8.2 Deposits at call	298.4	51.1
8.3 Bank overdraft	-	(5.1)
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	452.0	107.8

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	5.2%	5.5%
9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	8.0%	10.1%

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
a) Basic EPS	36.9¢	38.2¢
b) Diluted EPS (if materially different from the Basic EPS)	36.6¢	37.9¢
c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	358.3m	322.1m
d) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Diluted EPS	360.7m	324.8m

NTA backing (see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	\$3.30	\$3.11

+ See chapter 19 for defined terms.

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	NIL
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	N/A
13.3 Date from which such profit has been calculated	N/A
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	NIL
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
14.3 Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable	29 September 2003
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+ See chapter 19 for defined terms.

15.2 +Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHES approved)

8 September 2003

15.3 If it is a final dividend, has it been declared?
(Preliminary final report only)

Yes

Amount per security

		Amount per security	Franked amount per security at applicable tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year (30% tax rate) - not provided for at 30 June 2003	14.0¢	7.0¢	-¢
15.5	Previous year (30% tax rate)	14.0¢	10.5¢	-¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year (30% tax rate) - not provided for at 31 December 2002	13.5¢	9.5¢	N/A
15.7	Previous year (30% tax rate)	13.0¢	13.0¢	N/A

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	27.5¢	27.0¢
15.9 Preference +securities	-¢	-¢

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities

	Current period A\$M	Previous corresponding period – A\$M
15.10 +Ordinary securities <i>(each class separately)</i>		
• Interim Dividend	48.5	42.0
• Final Dividend (none provided for at 30 June 2003)	-	45.2
Preference +securities <i>(each class separately)</i>	-	-
15.12 Other equity instruments <i>(each class separately)</i>	-	-
15.13 Total	48.5	87.2

+ See chapter 19 for defined terms.

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period A\$M	Previous corresponding period – A\$M
16.1 Profit (loss) from ordinary activities before tax	N/A	-
16.2 Income tax on ordinary activities	N/A	-
16.3 Profit (loss) from ordinary activities after tax	N/A	-
16.4 (1) Extraordinary items net of tax	-	-
(2) Unrealised profit in inventory adjustment	N/A	-
16.5 Net profit (loss)	N/A	-
16.6 Adjustments	N/A	-
16.7 Share of net profit (loss) of associates and joint venture entities	N/A	-

+ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period A\$M	Previous corresponding period – A\$M
17.1 Equity accounted associates and joint venture entities				
Nil	-	-	-	-
17.2 Total	-	-	-	-
Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period A\$M	Previous corresponding period – A\$M
17.3 Other material interests				
NIL				
17.4 Total	-	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺securities <i>(description)</i>	N/A	N/A	N/A	N/A
18.2 Changes during current period				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through returns of capital, buybacks, redemptions	N/A	N/A	N/A	N/A
18.3 ⁺Ordinary securities				
18.4 Changes during current period				
(a) Increases through Employee Share Plan Issues				
– Exercise of Options	320,000	320,000	\$3.13	\$3.13
– Exercise of Options	7,500	7,500	\$4.12	\$4.12
(b) Increase pursuant to:				
(i) Institutional placement of shares as part of funding acquisition of The Paper Company	26,041,667	26,041,667	\$4.80	\$4.80
(ii) Share purchase plan issue of shares as part of funding acquisition of The Paper Company	10,411,910	10,411,910	\$4.80	\$4.80
(iii) Institutional placement of shares as part of funding proposed acquisition of Paper Division of Buhrmann NV Group	53,600,000	53,600,000	\$4.46	\$4.46
(c) Decreases through returns of capital, buybacks	1,750,456	1,750,456	\$5.03	\$5.03
18.5 ⁺Convertible debt securities <i>(description and conversion factor)</i>	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

18.6	Changes during current period (a) Increases through Employee Share Plan Issues (b) Decreases through securities matured, converted	N/A N/A	N/A N/A	N/A N/A	N/A N/A
18.7	Options (<i>description and conversion factor</i>)	Total number	Number quoted	Exercise price	Expiry Date (if any)
18.8	Issued during current period	220,000 150,000	Nil Nil	\$5.13 \$4.76	N/A N/A
18.9	Exercised during current period	320,000 7,500	Nil Nil	\$3.13 \$4.12	N/A N/A
18.10	Expired during current period	N/A	N/A		
18.11	Debentures (<i>description</i>)				
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A N/A	N/A N/A		
18.13	Unsecured notes (<i>description</i>)				
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A N/A	N/A N/A		

+ See chapter 19 for defined terms.

Segment Reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

BUSINESS SEGMENTS

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system.

Segment	Description of Operations
Merchanting and Paper Trading	International paper merchant and paper trader supplying the printing and publishing industry and office supplies
Communication Papers	Manufacture of office papers, graphic papers, converting papers and other speciality and coated papers
Packaging Papers	Manufacture of high performance packaging papers and industrial papers. Products include kraft liners, sack, kraft and light weight bag and industrial papers, sold predominantly to converting customers
Corporate and Other	Includes businesses divested, stationery converting and corporate costs. The proceeds received in relation to businesses divested are disclosed as unallocated revenue

GEOGRAPHIC SEGMENTS

The consolidated entity comprises the following main geographic segments. In presenting the information on the basis of geographic segments, segment sales is based on geographic location of customers. Segment assets are based on the geographic location of the assets.

Segment	Description of Operations
Australia	Manufacture of communication papers and packaging papers, paper merchanting and paper trading
New Zealand	Paper merchanting and paper trading
North America	Paper merchanting and paper trading
Europe	Paper merchanting and paper trading
Asia	Paper merchanting and paper trading

⁺ See chapter 19 for defined terms.

	SEGMENT RESULT (3)	SEGMENT SALES	CONSOLIDATED SEGMENT OTHER REVENUE (4)	TOTAL SEGMENT REVENUE	SEGMENTS ASSETS
	\$m	\$m	\$m	\$m	\$m
<u>SEGMENT REPORTING</u>					
For the year ended 30 June 2003					
<u>BUSINESS SEGMENTS</u>					
Merchanting & Paper Trading	92.0	2,966.8	6.8	2,973.6	1,361.1
Communication Papers	108.4	787.5	2.1	789.6	894.4
Packaging Papers	53.9	275.6	2.9	278.5	296.5
Corporate and Other	(23.4)	110.1	4.7	114.8	386.6
Profit before net interest, and income tax	230.9				
Net interest (1)	(40.5)				
Profit before income tax	190.4				
Income tax expense	(58.3)				
Inter-segment sales (2)		(522.2)		(522.2)	
Unallocated revenue (4)			4.9	4.9	
Unallocated assets (deferred tax balances)					40.2
	132.1	3,617.8	21.4	3,639.2	2,978.8

+ See chapter 19 for defined terms.

SEGMENT REPORTING (cont'd)

	SEGMENT RESULT (3)	SEGMENT SALES	CONSOLIDATED		SEGMENTS ASSETS
	\$m	\$m	SEGMENT OTHER REVENUE (4) \$m	TOTAL SEGMENT REVENUE \$m	\$m
<u>SEGMENT REPORTING</u>					
For the year ended 30 June 2002					
<u>BUSINESS SEGMENTS</u>					
Merchanting & Paper Trading	55.9	2,220.2	6.0	2,226.2	926.9
Communication Papers	134.8	828.3	1.1	829.4	854.5
Packaging Papers	43.2	285.4	5.3	290.7	283.7
Corporate and Other	(20.8)	259.4	3.5	262.9	186.1
	<hr/>				
Profit before net interest, and income tax	213.1				
Net interest (1)	(36.2)				
	<hr/>				
Profit before income tax	176.9				
Income tax expense	(53.9)				
Inter-segment sales (2)		(632.7)		(632.7)	
Unallocated revenue (4)			209.9	209.9	
Unallocated assets (deferred tax balances)					37.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	123.0	2,960.6	225.8	3,186.4	2,288.7
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

+ See chapter 19 for defined terms.

SEGMENT REPORTING (cont'd)

	SEGMENT SALES	CONSOLIDATED SEGMENT OTHER REVENUE (4)	TOTAL SEGMENT REVENUE	SEGMENT ASSETS
	\$m	\$m	\$m	\$m
<u>SEGMENT REPORTING</u>				
For the year ended 30 June 2003				
<u>GEOGRAPHIC SEGMENTS</u>				
Australia	1,405.9	12.9	1,418.8	1,953.3
New Zealand	236.9	2.0	238.9	100.2
North America	964.2	0.1	964.3	366.6
Europe	890.3	-	890.3	467.7
Asia	120.5	1.5	122.0	50.8
Unallocated revenue (4)		4.9	4.9	
Unallocated assets (deferred tax assets)				40.2
	3,617.8	21.4	3,639.2	2,978.8

	SEGMENT SALES	CONSOLIDATED SEGMENT OTHER REVENUE (4)	TOTAL SEGMENT REVENUE	SEGMENT ASSETS
	\$m	\$m	\$m	\$m
<u>SEGMENT REPORTING</u>				
For the year ended 30 June 2002				
<u>GEOGRAPHIC SEGMENTS</u>				
Australia	1,535.5	10.3	1,545.8	1,683.3
New Zealand	244.2	0.1	244.3	96.1
North America	931.1	0.3	931.4	404.9
Europe	57.9	1.3	59.2	2.9
Asia	191.9	3.9	195.8	64.0
Unallocated revenue (4)		209.9	209.9	
Unallocated assets (deferred tax assets)				37.5
	2,960.6	225.8	3,186.4	2,288.7

+ See chapter 19 for defined terms.

SEGMENT REPORTING (cont'd)

	DEPRECIATION & AMORTISATION	NON CASH EXPENSES	ACQUISITION OF NON CURRENT ASSETS	SEGMENT LIABILITIES
	(5)	(6)		
	\$m	\$m	\$m	\$m
SEGMENT REPORTING				
For the year ended 30 June 2003				
BUSINESS SEGMENTS				
Merchanting & Paper Trading	28.7	12.5	149.3	380.7
Communication Papers	36.0	9.0	17.2	88.4
Packaging Papers	12.0	2.4	5.7	57.0
Corporate and Other	5.6	0.3	26.1	43.5
Unallocated liabilities (7)				763.0
	82.3	24.2	198.3	1,332.6

	DEPRECIATION & AMORTISATION	NON CASH EXPENSES	ACQUISITION OF NON CURRENT ASSETS	SEGMENT LIABILITIES
	(5)	(6)		
	\$m	\$m	\$m	\$m
SEGMENT REPORTING				
For the year ended 30 June 2002				
BUSINESS SEGMENTS				
Merchanting & Paper Trading	16.8	9.1	13.6	237.2
Communication Papers	31.8	13.8	17.7	88.6
Packaging Papers	17.7	6.4	13.9	57.0
Corporate and Other	6.5	7.7	28.9	102.5
Unallocated liabilities (7)				590.3
	72.8	37.0	74.1	1,075.6

+ See chapter 19 for defined terms.

SEGMENT REPORTING (cont'd)

Notes

(1) Interest is not allocated internally to the segments but held centrally.

(2) Inter-segment sales comprise sales of paper, which are priced on an arm's length basis.

(3) Profit before net interest and income tax.

	2003	2002
	<u>\$m</u>	<u>\$m</u>
(4) Segment other revenue allocated comprises:		
Rendering of services – commission	10.3	8.0
Other revenue from outside operating activities	6.2	7.9
	16.5	15.9
Segment other revenue unallocated comprises:		
Other revenue from outside operating activities	4.9	209.9
	21.4	225.8

(5) The non cash expenses above comprise the following items:

	2003	2002
	<u>\$m</u>	<u>\$m</u>
• Provisions charge	24.3	38.3
• Net movement in standing timber	-	(0.6)
• Net (profit)/loss on disposal of property, plant and equipment	0.1	0.6
• Net (profit)/loss on disposal of controlled entities and businesses	-	1.7
• Other non cash items	(0.2)	(3.0)
	24.2	37.0

(6) The acquisition of non current assets above comprises the following items:

	2003	2002
	<u>\$m</u>	<u>\$m</u>
• Addition of property, plant and equipment	56.8	68.6
• Goodwill acquired on acquisition of controlled entities	112.9	5.3
• Property, plant and equipment acquired on acquisition of controlled entities	28.6	0.2
	198.3	74.1

+ See chapter 19 for defined terms.

SEGMENT REPORTING (cont'd)

Notes (cont'd)

The segment reporting of the acquisition of non current assets by geographic region are as follows:

	2003 <u>\$m</u>	2002 <u>\$m</u>
• Australia	50.1	67.3
• New Zealand	0.1	0.8
• North America	3.6	5.9
• Europe	144.4	-
• Asia	0.1	0.1
	<u>198.3</u>	<u>74.1</u>

(7) The unallocated segment liabilities comprise the following items:

	2003 <u>\$m</u>	2002 <u>\$m</u>
• Current interest bearing liabilities	43.3	43.6
• Current tax liabilities	12.1	13.0
• Non current interest bearing liabilities	553.1	400.8
• Non current deferred tax	154.5	132.9
	<u>763.0</u>	<u>590.3</u>

+ See chapter 19 for defined terms.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: *Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

19.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. **It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period.** The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]*

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer attached news release

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Refer attached news release

+ See chapter 19 for defined terms.

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

The balance of the franking account of PaperlinX Limited as at 30 June 2003 was \$6.6 million (2002 \$11.7 million).

The balance of the consolidated franking account as at 30 June 2003 was \$8.1 million (2002 \$20.8 million). After taking into account the estimated income tax payable as at year end and the payment of dividend provided for at that date, where applicable, the balance of the consolidated franking account is estimated to be \$6.4 million (2002 \$0.8 million).

The balances of the franking accounts, as referred to above, are stated at a 30% tax rate.

From 1 July 2002, the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on profits upon which tax has been paid. This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

The amount of franking credits available to shareholders disclosed as at 30 June 2003 has been measured under the new legislation and represents income tax paid amounts available to frank distributions. The balance disclosed as at 30 June 2002 has been measured under the legislation existing at 30 June 2002 and represents the after-tax profits able to be distributed fully franked at the current tax rate.

Comparative information has not been restated for this change in measurement. Had the comparative information been calculated on the new basis, the consolidated "franking credits available" balance as at 30 June 2002 would have been converted from \$20.8 million to \$8.9 million.

PaperlinX Limited has declared a dividend, at the date of this report, on ordinary shares payable 29 September 2003 – 14.0 cents per share, 50% franked at 30% tax rate on fully paid shares. This dividend has not been provided for in the accounts as at 30 June 2003.

It is expected that the interim dividend in respect of the year ending 30 June 2004 will be partially franked.

- 19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with AASB 1029: *Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with AASB 1001: *Accounting Policies-Disclosure*).

1. Foreign Currency Translation

The consolidated entity has applied the revised AASB 1012 (Foreign Currency Translation) for the first time from 1 July 2002.

For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognised as assets or liabilities on the statement of financial position from the inception of the hedge contract, not when the specific purchase or sale occurs.

At 1 July 2002, the consolidated entity recognised the following in relation to foreign currency hedge contracts:

- deferred costs of \$0.1 million
- deferred exchange gains of \$0.8 million
- a net foreign currency receivable of \$0.7 million

There was no impact on opening retained profits at 1 July 2002 and no impact on profit for the reporting period to 30 June 2003.

2. Employee Benefits

The consolidated entity has applied the revised AASB 1028 (Employee Benefits) for the first time from 1 July 2002.

The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the consolidated entity expects to pay as at each reporting date, not wage and salary rates current at reporting date.

The initial adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

- \$1.0 million decrease in opening retained profits
- \$0.3 million increase in deferred tax assets
- \$1.3 million increase in the current provision for employee benefits

As a result of this change in accounting policy, the provision for employee benefits increased by \$1.3 million and income tax expense decreased by \$0.3 million in the year ended 30 June 2003.

Cont.

3. Provisions, Contingent Liabilities and Contingent Assets

The consolidated entity has applied AASB 1044 (Provisions, Contingent Liabilities and Contingent Assets) for the first time from 1 July 2002.

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of that financial year.

The initial adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

- \$45.2 million increase in opening retained profits
- \$45.2 million decrease in provision for dividends

There was no impact on profit for the reporting period to 30 June 2003.

- 19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Not applicable

- 19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

At 30 June 2002, bank guarantees (acquisition), the beneficiary of which was Bunzl plc, related to the acquisition of the UK based Bunzl Fine Paper Ltd for GBP138.0 million. This guarantee expired on 2 July 2002, after the required cash settlement was made.

At 30 June 2003, bank guarantees (acquisition), the beneficiary of which is Bunzl plc, relate to two bank guarantees that were taken out post 2 July 2002 for GBP10.0 million and GBP8.0 million, respectively. These amounts are equal to the deferred settlement payments, with the bank guarantees expiring on 7 July 2003 and 5 July 2004 respectively. The guarantee of GBP 10.0 million expired on 1 July 2003, after the required cash settlement was made.

+ See chapter 19 for defined terms.

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

Not applicable

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

Not applicable

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

The Grand Ballroom
Four Seasons Hotel
199 George Street
Sydney NSW

Date

Thursday, 23 October 2003

Time

11 am

Approximate date the ⁺annual report will be available

24 September 2003

⁺ See chapter 19 for defined terms.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

Not applicable

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)

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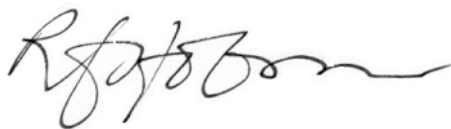
<input type="checkbox"/>	Error! The ⁺ accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The ⁺ accounts have <i>not</i> yet been audited or reviewed.
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5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)

6 The entity has a formally constituted audit committee.



Sign here:
(Company Secretary)

Date: 14 August 2003

+ See chapter 19 for defined terms.

Print name: Richard Hobson