

Appendix 4D

Half Yearly Report

Introduced 1/1/2003

Name of entity

PAPERLINX LIMITED

ABN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
70 005 146 350	<input checked="" type="checkbox"/>	<input type="checkbox"/>	31 December 2007

Results for announcement to the market

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

A\$M

Revenue (item 1.1)	down	3.5%	to	3,784.6
Net profit (loss) for the period attributable to:				
Equity holders of PaperlinX Limited (item 1.13)	up	8.0%		35.3
Minority interest (item 1.14)				-
Profit for the period (item 10.1)	up	8.0%	to	35.3
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (Preliminary final report only - item 15.4)		N/A		N/A
Interim dividend (Half yearly report only - item 15.6)		3.0¢		Nil
This dividend was declared at the date of this report. This dividend has not been provided for in the accounts as at 31 December 2007.				
Previous corresponding period (Preliminary final report – item 15.5, half year report – item 15.7)		5.0¢		Nil
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		5 March 2008		
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.				

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

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

	Current period – A\$M	Previous corresponding period - A\$M
1.1 Revenue (<i>items 1.30 – 1.32</i>)	3,784.6	3,923.7
1.2 Other income (<i>items 1.33 – 1.39</i>)	15.6	6.2
1.3 Expenses (<i>items 1.40 – 1.46</i>)	(3,726.9)	(3,839.2)
1.4 Result from operating activities	73.3	90.7
1.5 Financial income (<i>items 1.50 – 1.52</i>)	17.1	3.2
1.6 Financial expenses (<i>items 1.53 – 1.57</i>)	(36.2)	(43.7)
1.7 Net financing cost	(19.1)	(40.5)
1.8 Profit before tax	54.2	50.2
1.9 Tax expense	(18.9)	(17.8)
1.10 Profit after tax but before profit from discontinuing operations	35.3	32.4
1.11 Profit from discontinued operations, net of tax	-	0.3
1.12 Profit for the period:	35.3	32.7
Profit for the period attributable to:		
1.13 Equity holders of PaperlinX Limited	35.3	32.7
1.14 Minority interest	-	-
	35.3	32.7

Earnings per security (EPS) (item 10)	Current period	Previous corresponding period
1.20 Basic EPS (cents)	5.0	7.3
1.21 Basic EPS from continuing operations (cents)	5.0	7.3
1.22 Diluted EPS (cents)	4.9	7.2
1.23 Diluted EPS from continuing operations (cents)	4.9	7.2

+ See chapter 19 for defined terms.

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		Current Period – A\$M	Previous Corresponding Period A\$M
REVENUES AND EXPENSES			
Revenue			
1.30	Sales of goods	3,783.0	3,922.6
1.31	Commissions	1.6	1.1
1.32	Total Revenue	3,784.6	3,923.7

Other income			
1.33	Rent	1.1	1.8
1.34	Dividends	0.2	0.4
1.35	Net profit on disposal of non-current assets (1)	8.2	1.2
1.36	Insurance proceeds	3.6	-
1.37	Government grants	0.1	-
1.38	Other	2.4	2.8
1.39	Total other income	15.6	6.2

- (1) Included in the amount in the current year is \$5.5 million (2006: Nil million) in relation to profits arising on the disposal of properties under commercial sale and lease back arrangements. In accordance with the on-going review of the owned properties, it is expected that further commercial sale and lease back arrangements may be undertaken in the future.

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	Current Period – A\$M	Previous Corresponding Period A\$M
Expenses		
1.40 Cost of sales	(3,087.6)	(3,217.3)
1.41 Personnel costs non-manufacturing	(350.2)	(344.3)
1.42 Logistics and distribution	(153.9)	(158.4)
1.43 General and administration	(120.0)	(103.3)
1.44 Sales and marketing	(14.8)	(15.3)
1.45 Research and development	(0.4)	(0.6)
1.46 Total expenses (excluding financing costs)	(3,726.9)	(3,839.2)
Net financing costs		
Financial income:		
1.50 Interest income	3.0	3.2
1.51 Net foreign exchange gains	14.1	-
1.52 Total financial income	17.1	3.2
Financial expenses:		
1.53 Interest expense	(41.6)	(40.4)
1.54 Less capitalised interest	7.1	1.2
	(34.5)	(39.2)
1.55 Net foreign exchange losses	-	(3.4)
1.56 Other borrowing costs	(1.7)	(1.1)
1.57 Total financial expenses	(36.2)	(43.7)
1.58 Total net financing costs, continuing operations	(19.1)	(40.5)
Net interest expense, continuing operations:		
1.60 Interest income	3.0	3.2
1.61 Interest expense	(34.5)	(39.2)
1.62 Total net interest expense, continuing operations	(31.5)	(36.0)

+ See chapter 19 for defined terms.

		Current Period - A\$m	Previous Corresponding Period A\$m
Profit before tax			
1.70	Revenue, sale of goods:		
	• Continuing operations	3,783.0	3,922.6
	• Discontinuing operations	-	25.9
		3,783.0	3,948.5
1.71	Profit before depreciation, impairment, amortisation, net interest and tax:		
	• Continuing operations	136.5	136.9
	• Discontinuing operations	-	0.9
		136.5	137.8
1.72	Depreciation, impairment and amortisation:		
	• Continuing operations	(50.8)	(50.7)
	• Discontinuing operations	-	-
		(50.8)	(50.7)
1.73	Profit before net interest and tax:		
	• Continuing operations	85.7	86.2
	• Discontinuing operations	-	0.9
		85.7	87.1
1.74	Net interest:		
	• Continuing operations	(31.5)	(36.0)
	• Discontinuing operations	-	(0.4)
		(31.5)	(36.4)
1.75	Profit before tax:		
	• Continuing operations	54.2	50.2
	• Discontinuing operations	-	0.5
		54.2	50.7
1.76	Tax:		
	• Continuing operations	(18.9)	(17.8)
	• Discontinuing operations	-	(0.2)
		(18.9)	(18.0)
1.77	Profit for the period:		
	• Continuing operations	35.3	32.4
	• Discontinuing operations	-	0.3
		35.3	32.7

+ See chapter 19 for defined terms.

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Consolidated retained profits		Current period - A\$M	Previous corresponding period A\$M
1.80	Retained profits (accumulated losses) at the beginning of the financial period	15.0	(38.2)
1.81	Net profit (loss) attributable to equity holders of PaperlinX Limited	35.3	32.7
1.82	Employee share options and rights	5.3	2.2
1.83	Dividends paid	(26.9)	(20.1)
1.84	Distributions provided on PaperlinX step-up preference securities	(12.9)	-
1.85	Actuarial gains on defined benefit plans	0.5	3.4
1.86	Retained profits (accumulated losses) at end of the year	16.3	(20.0)

+ 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 computer software	(9.7)	-	-	(9.7)
2.2	Amortisation of brand names	-	-	-	-
2.3	Amortisation of other intangibles	-	-	-	-
2.4	Total amortisation of intangibles	(9.7)	-	-	(9.7)
2.5	Extraordinary items (details)	-	-	-	-
2.6	Total extraordinary items	-	-	-	-

Comparison of half year profits

(Preliminary final report only)

		Current year – A\$M	Previous year – A\$M
3.1	Consolidated profit (loss) after tax attributable to equity (ordinary and preference) holders of PaperlinX Limited reported for the 1st half year (item 1.13 in the half yearly report)	N/A	N/A
3.2	Consolidated profit (loss) after tax attributable to equity (ordinary and preference) holders of PaperlinX Limited for the 2nd half year	N/A	N/A
	Total for year	N/A	N/A

+ See chapter 19 for defined terms.

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Condensed consolidated balance sheets		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 and cash equivalents	180.6	448.8	197.9
4.2	Trade and other receivables	1,638.1	1,564.0	1,610.9
4.3	Inventories	923.4	861.2	890.0
4.4	Total current assets	2,742.1	2,874.0	2,698.8
Non-current assets				
4.5	Receivables	38.1	17.7	8.6
4.6	Investments	13.9	13.3	13.8
4.7	Property, plant and equipment	1,184.9	1,066.6	994.7
4.8	Intangible assets	425.9	417.9	413.2
4.9	Deferred tax assets	51.0	52.9	64.2
4.10	Total non-current assets	1,713.8	1,568.4	1,494.5
4.11	Total assets	4,455.9	4,442.4	4,193.3
Current liabilities				
4.12	Trade and other payables	1,148.2	1,256.8	1,054.4
4.13	Loans and borrowings	502.6	494.9	225.2
4.14	Income tax payable	12.8	5.1	12.9
4.15	Employee benefits	45.4	47.1	50.3
4.16	Provisions	11.9	19.1	12.4
4.17	Total current liabilities	1,720.9	1,823.0	1,355.2
Non-current liabilities				
4.18	Payables	53.5	53.8	83.9
4.19	Loans and borrowings	629.9	565.7	1,039.8
4.20	Deferred tax liabilities	47.2	48.9	44.1
4.21	Employee benefits	39.4	37.8	37.2
4.22	Provisions	6.9	7.6	11.5
4.23	Deferred income	1.4	0.5	-
4.24	Total non-current liabilities	778.3	714.3	1,216.5
4.25	Total liabilities	2,499.2	2,537.3	2,571.7
4.26	Net assets	1,956.7	1,905.1	1,621.6

+ See chapter 19 for defined terms.

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Condensed consolidated balance sheets(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				
4.27	Issued capital	1,708.0	1,701.5	1,698.3
4.28	Reserves	(44.2)	(87.9)	(56.8)
4.29	Retained profits	16.3	15.0	(20.0)
4.30	Equity attributable to holders of ordinary shares of PaperlinX Limited	1,680.1	1,628.6	1,621.5
4.31	PaperlinX step-up preference securities (net of issue costs)	276.5	276.4	-
4.32	Minority interests	0.1	0.1	0.1
4.33	Total equity	1,956.7	1,905.1	1,621.6
4.34	Preference capital included as part of 4.33	276.5	276.4	-

+ See chapter 19 for defined terms.

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	N/A
5.2 Expenditure incurred during current period	N/A	N/A
5.3 Expenditure written off during current period	N/A	N/A
5.4 Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
5.5 Expenditure transferred to Development Properties	N/A	N/A
5.6 Closing balance	N/A	N/A

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	N/A
6.2 Expenditure incurred during current period	N/A	N/A
6.3 Expenditure transferred from exploration and evaluation	N/A	N/A
6.4 Expenditure written off during current period	N/A	N/A
6.5 Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
6.6 Expenditure transferred to mine properties	N/A	N/A
6.7 Closing balance	N/A	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	3,777.7	3,840.1
7.2 Payments to suppliers and employees	(3,850.8)	(3,950.3)
7.3 Dividends received	0.2	0.4
7.4 Interest received	3.1	3.2
7.5 Interest paid	(37.9)	(36.9)
7.6 Income taxes paid	(8.9)	(6.6)
7.7 Other income received	6.2	8.1
7.8 Net operating cash flows	(110.4)	(142.0)
Cash flows related to investing activities		
7.9 Loans (advanced to)/repaid by other persons	-	0.1
7.10 Acquisition of property, plant and equipment and intangibles	(186.6)	(63.5)
7.11 Acquisition of controlled entities and businesses	(13.9)	(11.1)
7.12 Partial refund of the purchase price in relation to an acquisition in a prior period	-	8.7
7.13 Proceeds on disposal of property, plant and equipment	5.8	12.2
7.14 Proceeds from the sale of controlled entities and businesses	-	16.4
7.15 Net investing cash flows	(194.7)	(37.2)
Cash flows related to financing activities		
7.16 Dividends paid	(20.5)	(14.4)
7.17 SPS distributions paid	(19.0)	-
7.18 Proceeds from employee share plan loans	0.1	0.1
7.19 Proceeds from issue of shares	-	0.7
7.20 Issue costs of step-up preference securities	0.1	-
7.21 Proceeds from borrowings	580.6	1,078.6
7.22 Repayment of borrowings	(488.0)	(1,145.0)
7.23 Principal lease repayments	(0.1)	(0.1)
7.24 Net financing cash flows	53.2	(80.1)
7.25 Net increase in cash held	(251.9)	(259.3)
7.26 Cash and cash equivalents at beginning of period (see Reconciliation of cash)	448.8	453.9
7.27 Effect of exchange rate changes on cash	(16.3)	2.9
7.28 Cash and cash equivalents at end of period (see Reconciliation of cash)	180.6	197.5

+ See chapter 19 for defined terms.

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

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	180.6	197.9
8.2 Bank overdraft	-	(0.4)
8.3 Total cash at end of period (item 7.30)	180.6	197.5

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit before tax / revenue Consolidated profit (loss) before tax (item 1.8) as a percentage of revenue (item 1.1)	1.4%	1.3%
9.2 Profit after tax / +equity interests Consolidated net profit (loss) after tax attributable to equity holders of PaperlinX Limited (item 1.13) as a percentage of equity (similarly attributable) at the end of the period (item 4.30)	2.1%	2.0%

+ See chapter 19 for defined terms.

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Earnings per share (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.

		DECEMBER 2007		
		Continuing	Discontinued	Total
10.1	Profit for the period	35.3	-	35.3
10.2	Less attributable to holders of PaperlinX step-up preference securities	(12.9)	-	(12.9)
10.3	Less attributable to minority interest	-	-	-
10.4	Profit for the period attributable to holders of ordinary shares of PaperlinX Limited	22.4	-	22.4
10.5	Weighted average number of shares – basic (millions)	449.7	-	449.7
10.6	Basic EPS (cents)	5.0	-	5.0
10.7	Weighted average number of shares – diluted (millions)	455.7	-	455.7
10.8	Diluted EPS (cents)	4.9	-	4.9

		DECEMBER 2006		
		Continuing	Discontinued	Total
10.9	Profit for the period	32.4	0.3	32.7
10.10	Profit for the period attributable to holders of ordinary shares of PaperlinX Limited	32.4	0.3	32.7
10.11	Weighted average number of shares – basic (millions)	446.9	446.9	446.9
10.12	Basic EPS (cents)	7.3	-	7.3
10.13	Weighted average number of shares – diluted (millions)	451.1	451.1	451.1
10.14	Diluted EPS (cents)	7.2	-	7.2

NTA backing

		Current period	Previous corresponding Period
11.1	Net tangible asset backing per +ordinary security	\$2.67	\$2.55

+ 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) and extraordinary items after tax of the subsidiaries 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) and extraordinary items after tax of the subsidiaries 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) and extraordinary items after tax of the subsidiaries 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) and extraordinary items after tax of the subsidiaries while controlled during the whole of the previous corresponding period	N/A
14.5 Contribution to consolidated profit (loss) and extraordinary items from sale of interest leading to loss of control	N/A

+ See chapter 19 for defined terms.

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Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

4 April 2008

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)

5 March 2008

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

N/A

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	(Preliminary final report only) Final dividend: Current year (30% tax rate) - not provided for at 30 June	N/A	N/A	N/A
15.5	Previous year (30% tax rate)	N/A	N/A	N/A
15.6	(Half yearly and preliminary final reports) Interim dividend: Current year (30% tax rate) - not provided for at 31 December.	3.0¢	Nil	100%
15.7	Previous year (30% tax rate)	5.0¢	Nil	100%

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

(Preliminary final report only)

15.8 +Ordinary securities

Current year

Previous year

N/A

N/A

15.9 Preference +securities

N/A

N/A

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

15.10 +Ordinary securities (each class separately)

Preference +securities (each class separately)

15.12 Other equity instruments (each class separately)
Refer 15.6 above**15.13 Total**

	Current period A\$M	Previous corresponding Period – A\$M
15.10 +Ordinary securities (each class separately) Preference +securities (each class separately)	Not provided for at 31 December 2007	Not provided for at 31 December 2006
15.12 Other equity instruments (each class separately) Refer 15.6 above	-	-
15.13 Total	-	-

+ See chapter 19 for defined terms.

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

Dividend Reinvestment Plan ('DRP')

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

5 March 2008

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) before tax	N/A	N/A
16.2 Income tax	N/A	N/A
16.3 Profit (loss after tax	N/A	N/A
16.4 (1) Extraordinary items net of tax	-	-
(2) Unrealised profit in inventory adjustment	N/A	N/A
16.5 Net profit (loss)	N/A	N/A
16.6 Adjustments	N/A	N/A
16.7 Share of net profit (loss) of associates and joint venture entities	N/A	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	-	-	-	-

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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) (\$'s)	Amount paid up per security (see note 14) (\$'s)
18.1 Preference +securities <i>(description)</i>	2,850,000	2,850,000	100	100
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	450,648,516			
18.4 Changes during current period				
(a) Increases through Employee Share Plan Issues	-	-	-	-
– Exercise of Options				
(b) Increase through long term incentive plan	-	-	-	-
(c) Decreases through returns of capital, buybacks	-	-	-	-
(d) Issued pursuant to Dividend Reinvestment Plan				
– Final 2007 dividend	1,910,956	1,910,956	\$3.34	\$3.34
– Interim 2008 dividend	N/A	N/A	N/A	N/A
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	N/A	N/A	N/A	N/A
18.6 Changes during current period				
(a) Increases through Employee Share Plan Issues	N/A	N/A	N/A	N/A
(b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

	Total number	Number quoted	Exercise price	Expiry Date (if any)
18.7 Options <i>(description and conversion factor)</i>	5,312,290	Nil		N/A
18.8 Issued during current period	649,120	Nil	\$3.80	N/A
	958,110	Nil	\$3.80	N/A
	1,607,230			
18.9 Exercised during current period	-	-	-	-
	-	-	-	-
18.10 Expired during current period	649,260	N/A		
18.11 Debentures <i>(description)</i>				
18.12 Changes during current period				
(a) Increases through issues	N/A	N/A		
(b) Decreases through securities matured, converted	N/A	N/A		
18.13 Unsecured notes <i>(description)</i>				
18.14 Changes during current period				
(a) Increases through issues	N/A	N/A		
(b) Decreases through securities matured, converted	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 8: 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.)

Segment Reporting

The Group has elected to early adopt AASB 8 Operating Segments, which requires segment information disclosure based on segments monitored by management rather than on a business / geographical basis.

This change in accounting policy has been recognised retrospectively in accordance with transitional provisions of the standard, and comparatives have been restated.

As a result of the standard's early adoption, segment information is now provided in respect of Paper Merchanting, Paper Manufacturing and Corporate. Previously it was provided in respect of Merchanting and Paper Trading, Communication Papers, Packaging Papers and Corporate.

BUSINESS SEGMENTS

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

Segment	Description of Operations
Paper Merchanting	International paper merchant and paper trader supplying the printing and publishing industry and office supplies.
Paper Manufacturing	Manufacture of communication papers, including office papers, graphic papers, converting papers and other speciality and coated papers. Manufacture of packaging papers and industrial papers.
Corporate	Corporate operations.

+ See chapter 19 for defined terms.

Segment Reporting (cont'd)

	CONSOLIDATED	
	SEGMENT RESULT(3)	SEGMENT REVENUE
	\$M	\$M
For the half year ended 31 December 2007		
<u>BUSINESS SEGMENTS</u>		
Paper Merchancing		
• Europe	63.9	2,308.0
• North America	22.0	651.1
• Australia, New Zealand, Asia	10.7	518.2
• Inter-segment sales (2)	-	(20.7)
	<u>96.6</u>	<u>3,456.6</u>
• Discontinued Operations	<u>-</u>	<u>-</u>
	<u>96.6</u>	<u>3,456.6</u>
Paper Manufacturing	3.9	481.9
Corporate	<u>(14.8)</u>	
Profit before net interest and tax	85.7	
Net interest (1)	<u>(31.5)</u>	
Profit before tax	54.2	
Tax expense (1)	<u>(18.9)</u>	
Profit for the period	35.3	
Inter-segment sales (2)	<u>-</u>	<u>(155.5)</u>
Total	<u>35.3</u>	<u>3,783.0</u>

+ See chapter 19 for defined terms.

Segment Reporting (cont'd)

	CONSOLIDATED	
	SEGMENT RESULT(3)	SEGMENT REVENUE
	\$M	\$M
For the half year ended 31 December 2006		
<u>BUSINESS SEGMENTS</u>		
Paper Merchancing		
• Europe	66.2	2,387.5
• North America	25.7	693.3
• Australia, New Zealand, Asia	6.3	531.6
• Inter-segment sales (2)	-	(20.3)
	<u>98.2</u>	<u>3,592.1</u>
• Discontinued Operations	<u>0.9</u>	<u>25.9</u>
	<u>99.1</u>	<u>3,618.0</u>
Paper Manufacturing	3.0	509.8
Corporate	<u>(15.0)</u>	
Profit before net interest and tax	87.1	
Net interest (1)	<u>(36.4)</u>	
Profit before tax	50.7	
Tax expense (1)	<u>(18.0)</u>	
Profit for the period	32.7	
Inter-segment sales (2)		<u>(179.3)</u>
Total	<u>32.7</u>	<u>3,948.5</u>

Notes

- (1) Interest and income tax expense are 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) The segment result for the individual business segments is the profit before net interest and tax

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 Not applicable (Interim report only)

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

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

At the date of this report, PaperlinX Limited has declared an unfranked dividend on ordinary shares payable on 4 April 2008 – 3.0 cents per share on fully paid shares. This dividend has not been provided for in the accounts as at 31 December 2007.

The balance of the consolidated franking account as at 31 December was \$Nil million (2006: Nil million).

It is expected that any final dividend in respect of the year ending 30 June 2008 will be unfranked.

Half Yearly Final Report

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

Not applicable

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.

Not applicable

+ See chapter 19 for defined terms.

Additional disclosure for trusts

<p>20.1 Number of units held by the management company or responsible entity or their related parties.</p>	<p>Not applicable</p>
<p>20.2 A statement of the fees and commissions payable to the management company or responsible entity.</p> <p>Identify:</p> <ul style="list-style-type: none"> • initial service charges • management fees • other fees 	<p>Not applicable</p>

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	Not applicable
Date	Not applicable
Time	Not applicable
Approximate date the +annual report will be available	Not applicable

+ See chapter 19 for defined terms.

Half Yearly Final Report

Compliance statement

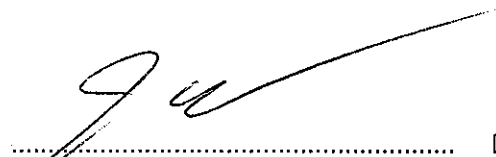
- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

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)
- | | | | |
|--------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | The +accounts have been audited. | <input checked="" type="checkbox"/> | The +accounts have been subject to review. |
| <input type="checkbox"/> | 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. |
- 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: 20 February 2008

Print name: James Orr

+ See chapter 19 for defined terms.