2010 Full Year Results

19 August 2010

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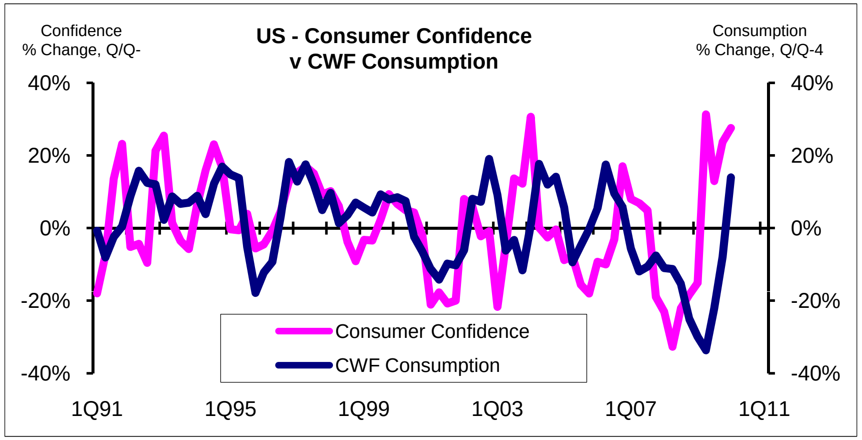
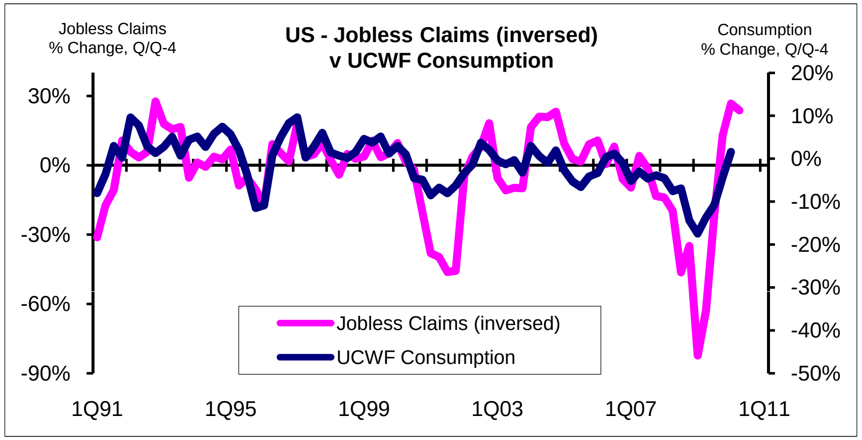
Presentation Sequence

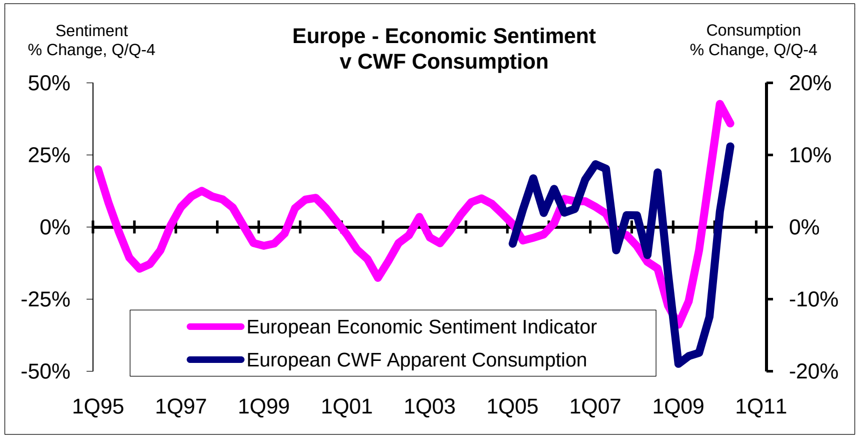
- Key Influences
- 2010 Final Result and Strategic Update
- Financial Discussion
- Business Review
- Summary and Outlook
- Questions and Answers

Key Influences on 2010 Final Result - External

- Weak global markets continued to impact overall volumes and margins
  - Europe playing catch up, with UK continuing to lag
  - Leading indicators have improved however are very volatile







Key Influences on 2010 Final Result - Internal

- Substantial debt reduction
- Completed refinancing of bank syndicate and USPP noteholder debt
- Exit from paper manufacturing complete
- Active cost reduction programme
- Continuing to pursue diversified merchanting initiatives
- One-off and significant items:
  - Exit from Tasmanian operations
  - Restructuring in merchanting.

Result for 2010 Financial Year

- Revenue of $5.2 billion (down 27% on prior year) and volume of 2.9 million tonnes (down 20% on the prior year)
- Merchanting revenue of $5.1 billion (down 20%) and merchanting volume of 2.8 million tonnes (down 7%)
- Merchanting trading EBIT of $43.5 million (down 39%)
- Total Group trading EBIT is a loss of $(23.5) (pre net other financing costs and significant items)
- Reported after tax loss of $(225.3) million (pre SPS distribution), including after tax significant items mostly relating to Tasmania of $(170.3) million
- Merchant average working capital reduced by $257 million including currency benefits with average working capital to sales ratio down to 16.9% from 17.7%
- Year end gross debt reduced to $301 million (down 51% from $611 million at 30 June 2009 and down 80% from $1.5 billion on 31 December 2008). Net debt reduced to $164 million.

Strategic Progression Update

- Business restructure:
  - Exited manufacturing:
    - Tasmanian paper machine closures completed in June 2010
    - Closure costs less than previous advice
    - Program underway for sale of plant and equipment:
      - Ongoing site operating expense until sale
    - Reduced currency exposure following exits
- Debt reduction:
  - Reduced gross debt by $1.2 billion (from December 2008):
    - Sale of Australian Paper and other assets
    - Cash freed up around the Group from improved cash management
    - Introduction of new, more flexible asset based borrowing facilities freed up cash
    - Reduction in working capital
    - Favourable currency movements.

Strategic Progression Update (Cont'd)

- Debt refinancing finalised:
  - Historic lenders (syndicate banks and USPP noteholders repaid in full)
  - Regional asset based lending provides more appropriate structure for merchanting operations:
    - Greater flexibility to manage cash during monthly cycle
    - Interest cost to reduce to approximately $20 million range on an annualised basis at current interest rates
    - Improved currency alignment of borrowing – natural hedge
    - Average tenure of around three years
  - Facilities established in Continental Europe, UK, New Zealand, Australia, Canada and USA
  - Repayment of bank syndicate and USPP noteholder debt is positive:
    - Remove $28 million of advisor and waiver charges over past 12 months
    - Substantial release of time to focus on business
    - Reduce absolute funding costs.

Strategic Progression Update (Cont'd)

- Diversified merchanting activities contribute 19% of gross profit:
  - These businesses were depressed in Europe by GFC
  - Healthy fundamental dynamics
  - Converting business growing in North America
  - Leverage to an improving economy.

Dividend and Distributions

- June 2010 distribution on PaperlinX Step-up Preference Securities (SPS) was paid:
  - Decision yet to be made with respect to the missed December 2009 distribution
- No full year ordinary dividend:
  - Negative earnings per share
  - Dividend block in place until 2 consecutive SPS distributions paid.

Financial Summary

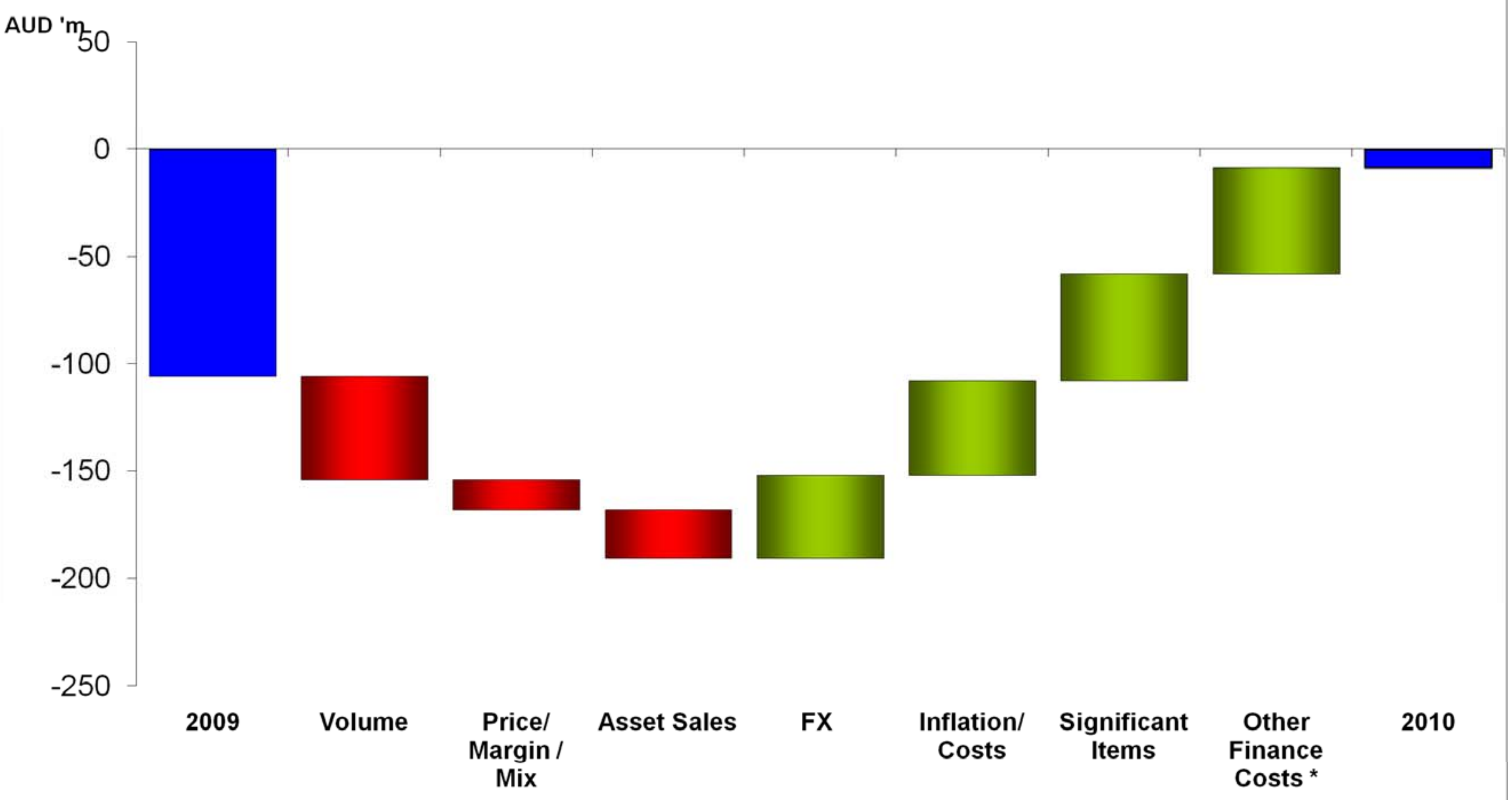
		12 months to June 2010	12 months to June 2009	% change
Sales volume	`000 tonnes	**2,911**	3,638	(20)
Sales revenue	$m	**5,225**	7,107	(26)
EBITDA (pre significant items)	$m	**(9.9)**	93.6	
Operating cash flow	$m	**23.0**	(6.0)	
Continuing EBIT (pre significant items)	$m	**(8.5)**	(11.4)	
Reported EBIT (pre significant items)	$m	**(35.6)**	16.4	
Reported EBIT (post significant items)		**(174.9)**	(718.2)	
Reported earnings after tax (pre significant items)	$m	**(55.0)**	(70.3)	
Reported earnings after tax (post significant items)	$m	**(225.3)**	(798.2)	

Key Ratios

		12 months to June 2010	12 months to June 2009	
Group ratios				
Average working capital / sales	%	**18.0**	19.4	
Net tangible assets per share	$	**0.40**	0.88	
Net debt / net debt & equity	%	**15.1**	14.6	
Merchant ratios				
Average working capital / sales	%	**16.9**	17.7	
EBIT / average funds employed	%	**1.9**	5.0	(1)
Trading EBIT / sales revenue	%	**0.9**	1.1	(1)

(1) Borrow ing costs restated to unallocated

Key Variances Continuing Operations EBIT – 2010 v 2009



* Other Finance Costs includes loss on paydown of notes which was reported as a significant item

Significant Items

	A$M
Significant items relating to Tasmania operations:	
Redundancies	**(63.6)**
Remediation	**(15.6)**
Onerous Contracts	**(15.6)**
Other costs	**(7.3)**
Other impairments	**(20.7)**
Total pre-tax significant items	**(122.8)**
Tax write-off	**(31.0)**
Total post-tax significant items relating to Tasmania operations	**(153.8)**
Additional loss on sale of AP	**(16.5)**
Total	**(170.3)**

Unallocated

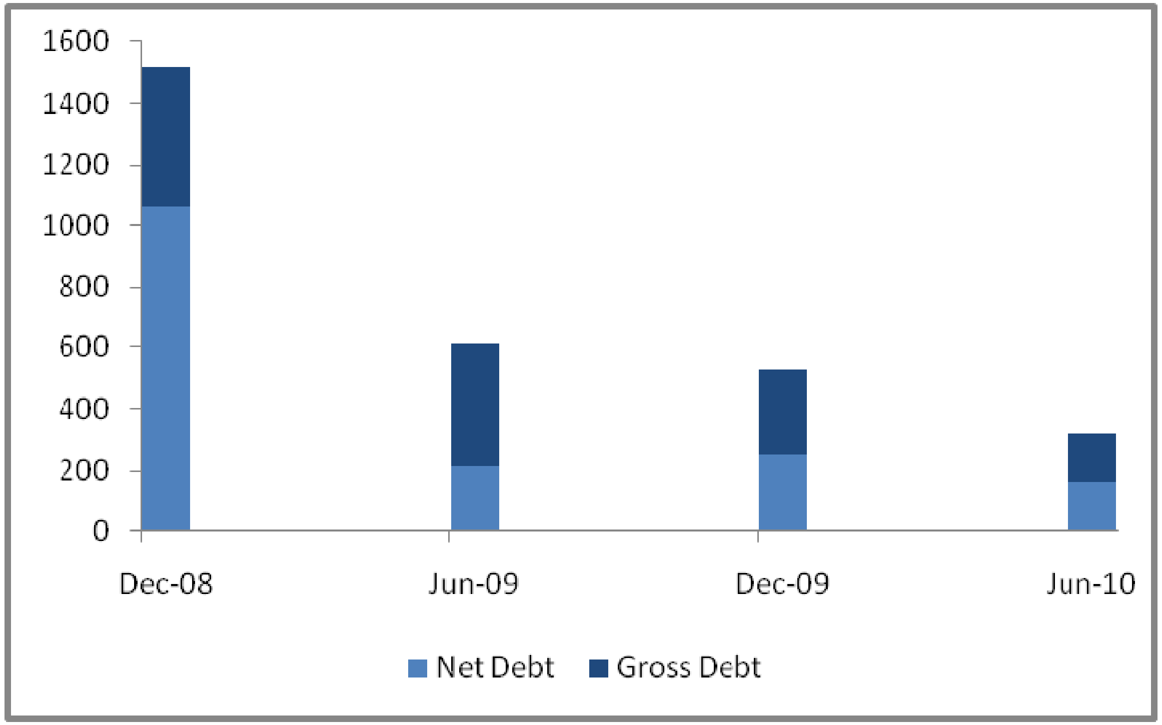
		12 months to June 2010	12 months to June 2009
Corporate and Other	A$m	**(20.9)**	(32.6)
Significant items		**-**	(3.7)
Net other financing charges (excl FX)	A$m	**(19.8)**	(71.6)
FX gains and losses	A$m	**7.8**	(30.3)
Earnings before interest & tax	A$m	**(33.0)**	(138.2)

- Corporate and Other includes a one-off gain on the sale of an asset of $4.6 million in 2010 as reported in the first half.
- The net gain on the currency option seen in the first half reversed in the second half to give a nil impact for the year.
- There were no significant items relating to corporate in the 2010 year.
- Net other financing charges were significantly lower due to reduced advisor and other related lender costs.
- The second half saw a one-off gain on a financial instrument relating to the refinancing programme. Foreign exchange losses seen in the prior year have not repeated, with improved processes well embedded.

Cash Flow – 2010 v 2009

	12 months to June 2010	12 months to June 2009	% Var.
EBITDA - Continuing	**17**	(64)	126
EBITDA - Discontinued	**(166)**	(584)	71
EBITDA - Group	**(149)**	(648)	77
Profit from asset sales	**9**	35	(75)
Provisions	**126**	33	283
Interest payments	**(34)**	(95)	65
Tax Payments	**(0)**	(13)	98
Other (LY incl asset impairment)	**(12)**	651	(102)
Operating cash flow (excl WC)	**(60)**	(38)	(76)
Working capital movement	**83**	31	176
Operating cash flow	**23**	(6)	839
Capital expenditure			
- Pulp mill	**-**	(119)	100
- Other	**(19)**	(65)	71
Proceeds - asset / invest. sales	**77**	724	(90)
Borrowing costs paid	**(19)**	(29)	34
Dividends / distributions SPS	**(10)**	(25)	62
Tas Paper closure costs	**(54)**	-	
Curency option/ CF hedges	**58**	(0)	
Share issue	**0**	177	(100)
Net cash flow	**56**	657	(92)

Debt Reduction



- Gross debt levels reduced via sale of assets, decreased working capital, more efficient structuring of debt facilities improved transactional banking structures, and currency
- Regional asset based facility agreements provide greater flexibility and more suited to merchanting activities
- Annualised borrowing costs around $A20 million at current interest rates.

Borrowing Facilities

Facilities (Receivables / Inventory)	Facility Size (A$ Equiv.)	Estimated Drawdown (1) ($A Equiv)	Total Drawn at 30 June 2010 (2) (A$ Equiv.)
Australia	85m	51-68	35m
New Zealand	29m	17-23	12m
Asia	6m	4-6	1m
Canada	86m	52-69	15m
United States of America	78m	47-62	19m
Europe	237m	142-190	213m
United Kingdom	91m	55-73	8m
Other facilities	-	-	7m
Total	**A$613m[1]**	**A$368-491**	**A$301m**

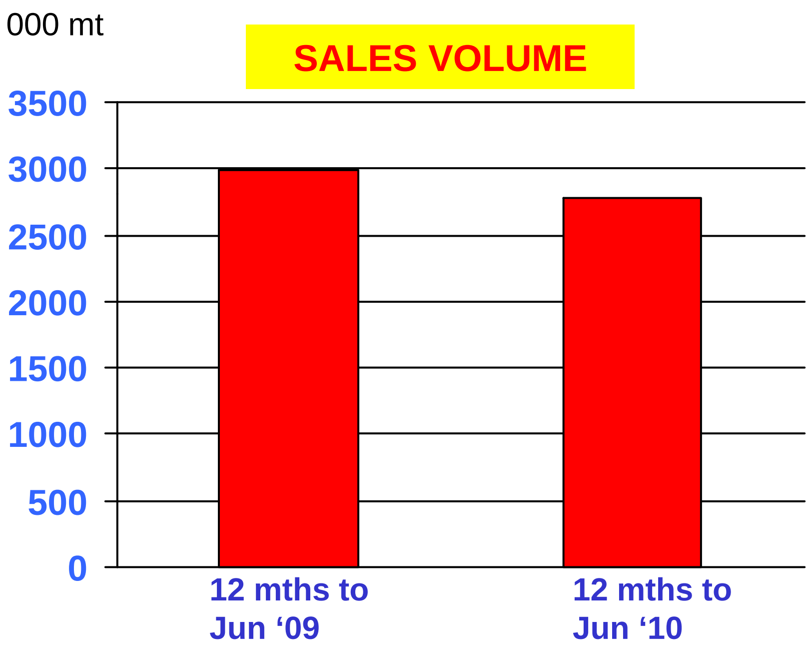
1. Based on current business levels, these facilities are on average being drawn between 60 – 80% and are subject to availability of receivables and inventory.

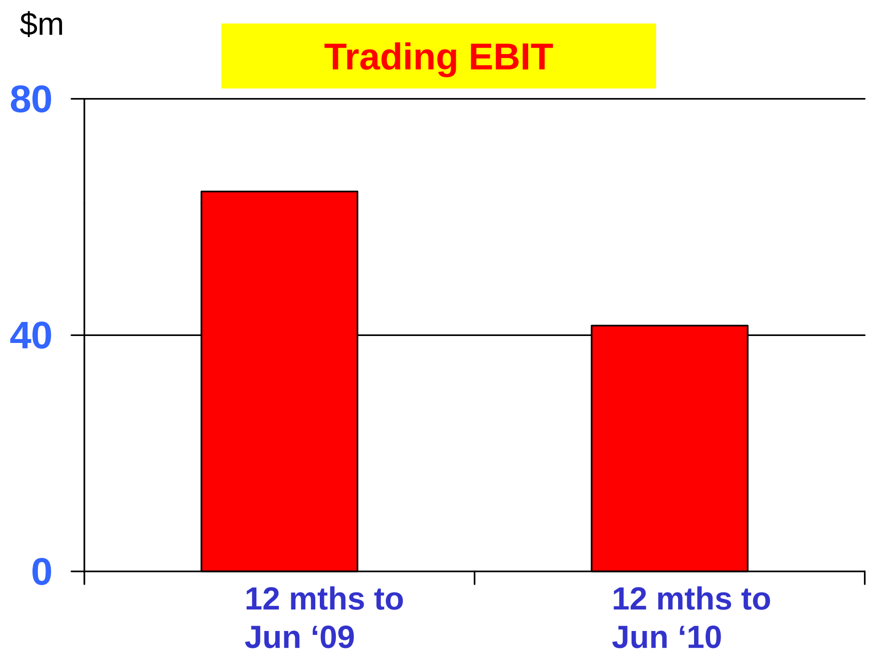
2. Seasonal low point in debt

Merchanting – Total

		12 months to June 2010	12 months to June 2009		% change
Sales volume	`000 tonnes	**2,775**	2,989		(7.2)
Sales revenue	A$m	**5,071**	6,296		(19.5)
Trading earnings before interest and tax	A$m	**43.5**	70.1	(1)	(38.9)
Reported earnings before interest and tax and significant items	A$m	**24.5**	85.9	(1)	(71.5)
Trading EBIT / sales revenue	%	**0.9**	1.1	(1)	(0.3) pts
Return on average funds employed	%	**1.9**	5.0		(3.1) pts

(1) Other finance costs in unallocated - restatement for 2009





Merchanting Volume Movement

Volume in metric tonnes		% change on PCP 1H	2H	2010
NW Europe	%	(12.9)	(6.6)	**(10.0)**
UK & Ireland	%	(9.2)	(4.6)	**(7.0)**
Central & Southern Europe	%	(11.5)	13.5	**0.4**
Total Europe	%	(10.8)	(1.0)	**(6.2)**
North America	%	(16.5)	(1.9)	**(10.0)**
Australia, New Zealand and Asia	%	(13.2)	(3.0)	**(8.7)**

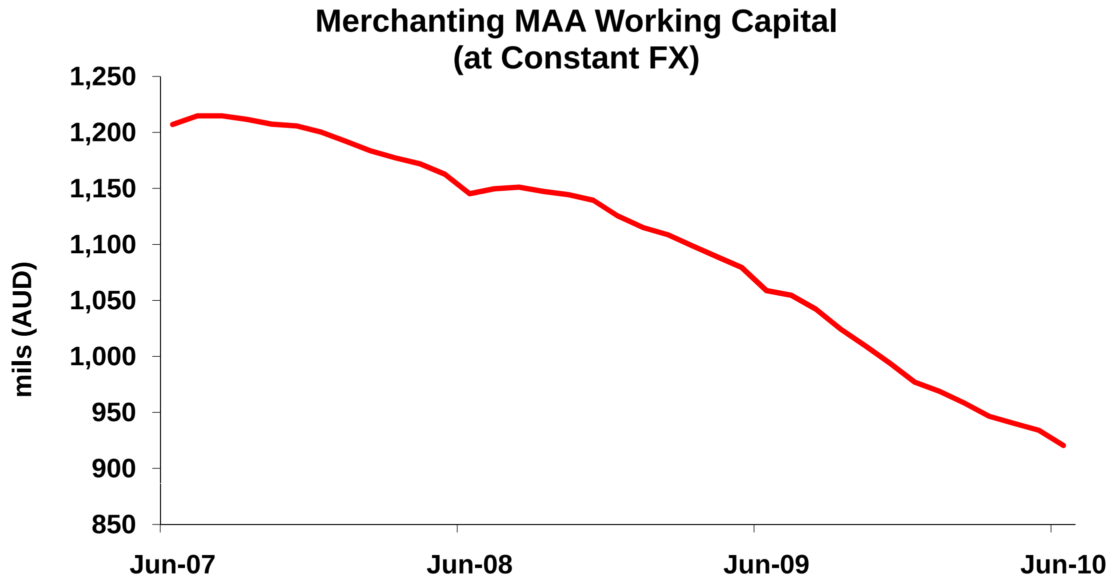
- Paper consumption in all regions remains depressed following global economy weakness
- Markets appear to have stabilised in recent months
- Non-paper gross profit of 20% constant with prior year.

Merchanting Cost Movement

		% change	
		FY10 v FY09	FY10 v FY08
ANZA	A$	(8.9)	(10.5)
Europe	€	(4.5)	(13.3)
North America	US$	(5.2)	(17.2)

- Expenses were down substantially, with reductions in all regions
- Headcount down 1,004 versus prior (645 merchant only)
- Structurally lower expense base going into 2011
- Ongoing focus for the group
- Increased leverage.

Working Capital Initiatives - Merchanting



- Average working capital was favourable in all regions, down $A257 in total including currency benefits
- Average working capital to sales was down to 16.9% from 17.7% in prior year.

Merchanting - Europe

		12 months to June 2010	12 months to June 2009		% change
NW Europe	`000 tonnes	**554**	616		(10.0)
UK & Ireland	`000 tonnes	**920**	990		(7.0)
Central & Southern Europe	`000 tonnes	**476**	474		0.4
Total sales volume	`000 tonnes	**1,950**	2,080		(6.2)
Sales revenue	€m	**2,148**	2,337		(8.1)
Trading earnings before interest & tax	€m	**6.1**	21.6	(1)	(71.8)
Reported earnings before interest, tax & significant items	€m	**(5.6)**	30.9	(1)	(118.0)
Trading EBIT / sales revenue	%	**0.3**	0.9	(1)	(0.6) pts

(1) Other finance costs in unallocated - restatement for 2009

- Market driven volume reductions in UK and northern Europe
- Expenses down 13% since 2008
- Trading EBIT impacted by lower volume and one-off costs
- Reported EBIT additionally impacted by one-off restructuring charges
- June 30 average working capital to sales down 1 percentage point on prior.

Merchanting - North America

		12 months to June 2010	12 months to June 2009		% change
Sales volume	`000 tonnes	**487**	541		(10.0)
Sales revenue	US$m	**889**	962		(7.7)
Trading earnings before interest & tax	US$m	**12.2**	7.2	(1)	69.4
Reported earnings before interest & tax	US$m	**12.2**	7.2	(1)	69.4
Trading EBIT / sales revenue	%	**1.4**	0.7	(1)	0.6 pts

(1) Other finance costs in unallocated - restatement for 2009

- Volume decline resulting from weak markets
- Due to some price increases in second half, average price per tonne exceeded prior year
- Trading expenses down 5% (down 17% since 2008)
- Average working capital to sales improved by 1.3 percentage point or over 16% versus prior from a range of structural improvements.

Merchanting – Australia, NZ and Asia

		12 months to June 2010	12 months to June 2009		% change
Sales volume	`000 tonnes	**342**	375		(8.7)
Sales revenue	A$m	**573**	655		(12.5)
Trading earnings before interest & tax	A$m	**19.5**	20.6	(1)	(5.3)
Reported earnings before interest, tax & significant items	A$m	**19.4**	18.6	(1)	4.3
Trading EBIT / sales revenue	%	**3.4**	3.1	(1)	0.3 pts

(1) Other finance costs in unallocated - restatement for 2009

- Lower volumes of 9% and falling prices resulted in revenue 12.5% off prior year
- Significant organisational change as began year
- Trading expenses down 9% (down 11% since 2008)
- Average and year end working capital were below prior, however average working capital to sales was higher due to an increase in debtor days.

Discontinued Operations

		12 months to June 2010	12 months to June 2009		% change
Sales volume	`000 tonnes	**196**	769		(76)
Sales revenue	A$m	**226**	977		(77)
Trading earnings before interest & tax	A$m	**(31.6)**	30.4	(1)	
Reported earnings before Interest, tax & significant items	A$m	**(27.1)**	28.5	(1)	

(1) Other finance costs in unallocated - restatement for 2009

- Ceased manufacture in June 2010
- Total significant items of includes $(154) million after tax relating to the closure of discontinued Tasmanian operations
- Sale process continuing for Burnie and Wesley Vale assets (land, plant and equipment)
- Excellent safety performance.

2010 Final Result Summary

- Significant pay-down in gross debt to $301 million
- Refinancing complete
- Exit from paper manufacturing complete
- Significant improvements in working capital and expense management
- Merchant trading EBIT of $43.5 million reflects the impact of the unprecedented fall in demand in the key European and North American markets
- Net profit after tax of $(225.3) million included after tax significant items of $(170.3) million.

Challenges

	Targets
• Margin management	20%+ gross profit %
• Grow diversified	20% → 30% of total gross profit
• Expense and WC recalibration	Improve % revenue
• Cash capture	WC plus cash management
• ROAFE target	15%+ in regions, 12.5%+ group

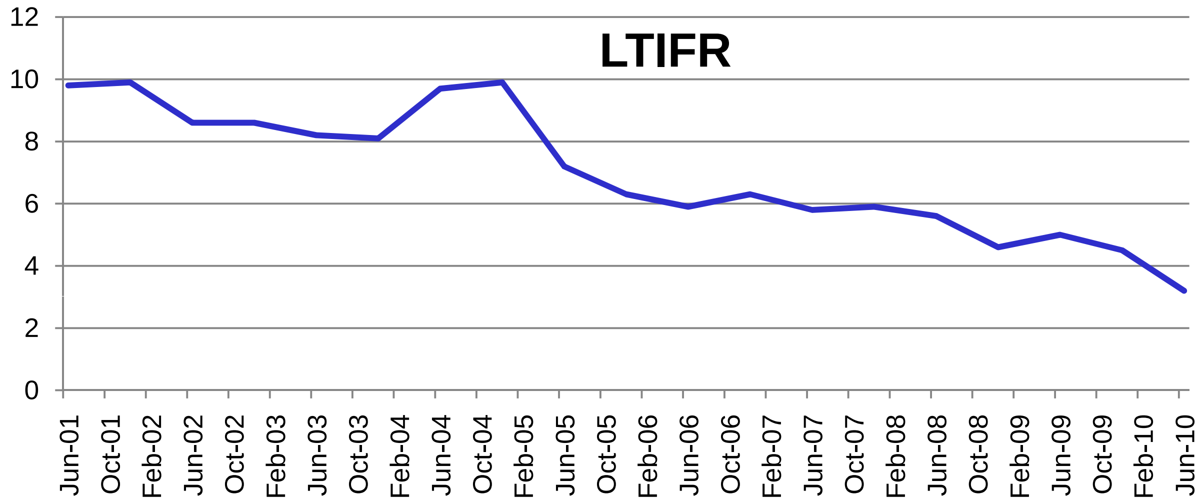
Business Outlook

- Reduced distractions allow greater business focus
- Market volumes stabilised
- Pricing variable by region but healthy near term
- Expenses improving as business clarifies
- Diversified businesses aligned to economic activity
- Predictable and clean start to year
- Upside leverage to any volume recovery

Appendices

Results for 2010 – Non Financial

- Improved safety record (LTIFR down 36% on prior year and down 67% in 10 years) to best performance to-date



- 100% of OpCos achieved multiple chain-of-custody certification
- Updated Sustainable Development Charter
- Continued participation in the Carbon Disclosure Project
- Developed a Global Supply Chain Policy.

Operating Earnings (A$)

	Earnings		Sales Revenue	
	12 months to June 2010 $m	12 months to June 2009 $m	12 months to June 2010 $m	12 months to June 2009 $m
Merchanting				
Europe [1]	(9.0) [1]	57.8	3,475.1	4,375.3
North America	14.1	9.5	1,027.9	1,275.6
Australia, NZ and Asia	19.4	18.6	573.4	655.3
Eliminations			(5.0)	(10.0)
Total Merchanting	24.5	85.9	5,071.4	6,296.2
Unallocated (ex Merchant eliminations)	(20.9)	(32.6)	(0.8)	(0.8)
Total Continuing Operations	**3.6**	**53.3**	**5,070.6**	**6,295.4**
Discontinued operations	(27.1)	28.5	225.9	977.1
Operating earnings before net finance costs, income tax and significant items	**(23.5)**	**81.8**		
Total significant items (pre tax)	(139.3)	(697.4) [2]		
Operating earnings before net other finance costs and income tax	(162.8)	(615.6)		
Net other finance costs	(12.1)	(102.6)		
Loss before interest and tax (EBIT)	**(174.9)**	**(718.2)**		
Net interest	(27.5)	(81.8)		
Loss before tax	(202.4)	(800.0)		
Tax related to continuing operations	8.1	(3.9)		
Tax related to discontinued operations	-	(1.0)		
Tax significant item	(31.0)	6.7		
Tax expense	(22.9)	1.8		
Group eliminations			(72.0)	(165.9)
Group (post significant items)	**(225.3)**	**(798.2)**	**5,224.5**	**7,106.6**
Group (pre significant items)	**(55.0)**	**(70.3)**		

(1) Includes $13.3 million restructuring costs
(2) Significant item of $37.2 relating to financing costs associated with the repayment of noteholder debt included in net other financing costs

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