

Beyond paper

Annual Review 2009

PaperlinX

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Forward Looking Statements

Certain statements in this Review 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 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. Subject to any continuing obligations under applicable law or any relevant listing rules of the Australian Securities Exchange, PaperlinX disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this document to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

PaperlinX has migrated its business model to increase flexibility and reduce the cost base, while growing in value added merchandising.

2009 at a glance

The 2009 year saw an unprecedented fall in demand for paper in all key markets as a result of the global economic slowdown. Paper volumes fell sharply from October 2008 off an already depressed base, and remained weak through the balance of financial year 2009. A range of actions were undertaken through the year to reduce costs and net debt, but were not enough to mitigate the impact of the weak demand. Key features of the year and result were:

- A significant deterioration in global paper demand, reducing overall market volumes in our key regions by 15–20 per cent in the second half.
- The sale of Australian Paper (excluding the Tasmanian operations) for \$600 million, plus net asset adjustments and a potential earn-out over three years, has had a major impact on reported results in terms of both lower debt and significant items.
- Reported loss after tax for the year ended 30 June 2009 of \$(798.2) million, included \$(727.9) million in after tax significant items. Divisional EBIT, excluding corporate costs, was \$110.1 million (down 42 per cent), while reported EBIT before significant items was \$16.4 million.
- There was significant debt repayment through the sale of Australian Paper, European properties and an equity raising. Net debt of \$217 million at 30 June 2009 compares with \$1,062 million in December 2008 and \$776 million at 30 June 2008.
- Net working capital at 30 June 2009 was reduced by \$184 million. 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 per cent, led by structural reductions in inventory.
- Major expense reductions were achieved through the year, including a 13 per cent reduction in North America (21 per cent in the second half) and a 9 per cent reduction in Europe (12 per cent in the second half) versus prior year, underpinned by a worldwide headcount reduction of over 8 per cent (excluding the sale of Australian Paper). 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.
- The depressed results, compounded by foreign exchange losses in the first half and expected property sales not completing by December 2008 (subsequently completed in the 2009 fiscal year), caused the Company to breach banking covenants, which in turn led to significant fees and adviser charges that would otherwise not have been incurred. Having resolved issues surrounding breaches of covenants in the 2009 financial year, PaperlinX and its lenders have agreed to terms that will secure bank borrowings out to February 2011 and noteholder debt to 2013/15.

SUMMARY FINANCIALS

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 and 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.

	Earnings		Sales revenue		Total assets	
	June 2009 \$M	June 2008 \$M	June 2009 \$M	June 2008 \$M	June 2009 \$M	June 2008 \$M
Merchandising						
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 Merchandising	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)	-				
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



The sale of
the majority
of our paper
manufacturing
business is a key
strategic move
into a more
sustainable and
flexible business
model.

David Meiklejohn, Chairman

The past year has been difficult and disappointing for PaperlinX. In last year's Annual Report I indicated that we did not foresee any short-term changes in market conditions and unfortunately this proved correct. In fact we saw an unprecedented drop in demand for paper as a result of the global recession as confidence collapsed and paper consumption slumped. Conditions deteriorated sharply in the last quarter of calendar year 2008 and remained at depressed levels throughout the balance of the financial year.

These adverse market conditions had a substantial negative impact on our operating earnings and put significant pressure on our balance sheet. Although we undertook an equity raising in October 2008 to reduce Group debt, we did breach borrowing covenants at 31 December 2008. While our lenders subsequently provided waivers for the breaches, the company has incurred significant additional costs in the second half of the year, including higher borrowing costs and related waiver fees. The higher borrowing costs include penalty interest rates and increased line fees.

It is very disappointing that the fall in earnings and consequent covenant breach meant that we were unable to pay dividends on our ordinary shares and the June distribution on our Step-up preference securities. We are looking to reinstate these as soon as we are able.

However, on a positive note our external debt was substantially reduced by the proceeds of the sale of Australian Paper (excluding the Tasmanian operations) to the Nippon Paper Group, which was completed on 1 June 2009. This is an important strategic step for PaperlinX as it moves us closer to being purely a global paper merchant.

The sale to Nippon Paper was underpinned by the new bleach plant and the upgrade of the pulp capacity at the Maryvale Mill. Although the pulp mill project did not meet our original cost and timing expectations, it was completed in December 2008. The plant started up well and provided the benefits expected, which included reduced production costs, improved environmental performance and improved product quality. PaperlinX has retained some of the upside benefits of the project through both an agreement for pulp to be supplied to our Tasmanian mills and through a potential earn-out should Australian Paper exceed agreed earning levels over the next three years.

In addition to our focus on both the financial position of the Company and the strategic direction of the Group, the Board has maintained focus on corporate governance and risk management issues. Our Board committees meet regularly and as the table on page 27 in this Report indicates, the Board met many times in 2009 to monitor and overview the progress on the strategic agenda.

As part of our ongoing process of director transition, Andrew Guy retired from the Board in December 2008. I thank Andrew for the contribution he made during his term as a director.

I would also like to thank our management team, headed by our Chief Executive, Tom Park, who have worked tirelessly for your Company over the year. Our employees remain committed to the Company and to its strategic direction and to supporting management into the future. I would also like to thank our shareholders and other stakeholders for their ongoing support.



David Meiklejohn
Chairman



**We stand
behind the
hard decisions
made in order
to create a
platform for
growth over
the long term.**

Tom Park, Managing Director and Chief Executive Officer

The Group performance in 2009 was much worse than we had expected, as results in all regions were impacted by the unprecedented falls in demand. North America and Europe have been the most affected. Against that extremely challenging environment, we have implemented a broad range of activities to both mitigate the worst impacts of the economic slowdown and to position the Company for improvement when we see recovery.

I am not going to say that I was pleased with how the year played out, but I am pleased with how our people responded, and with the breadth of activities that were undertaken across the Group to reduce costs, strengthen the balance sheets and sharpen our strategic focus.

The completion of the sale of Australian Paper (excluding Tasmanian operations) to Nippon Paper Group on 1 June 2009 for \$600 million, plus net asset adjustments and a potential earn-out over three years, was a major undertaking. The sale marks a key strategic step for PaperlinX as we further move our business from being reliant on the capital-intensive, high fixed cost manufacturing activities to a dominant focus on merchandising.

In our merchandising business we are focused on both optimising the performance of our core merchandising activities and on growing the higher margin activities of sign and display, graphics supplies, industrial packaging, and converting. We are continuing to review the options for our Tasmanian operations which include closure, a reduced manufacturing footprint or sale, as the Tasmanian manufacturing operations have struggled for profitability in the face of import competition and a strong Australian dollar.

Group Results

The PaperlinX Divisional EBIT, that is EBIT before non-recurring earnings and corporate costs, of \$110.1 million reflected the much lower volumes seen in key markets as weak global economic activity depressed demand. Reported EBIT for 2009 was then further reduced by \$93.7 million in costs relating to ongoing corporate overheads, foreign exchange losses and bank/note holder charges, adviser costs for lenders and related fees. Reported EBIT also included significant items of pre-tax \$(734.6) million largely relating to the sale of Australian Paper.

In this environment, our performance on expenses and on working capital management was a notable positive. Working capital is the money tied up in funding the day-to-day activities of our company. It is the balance of the money we lend to our customers as credit, the money lent to us by our suppliers and the money tied up in the inventory that is at the heart of what we do. How efficiently we manage those funds is a key measure of our efficiency as a company. We have increased our focus in this area and have been able to reduce our year end net working capital by \$184 million over the past year. This includes the impact of the sale of Australian Paper offset by unfavourable currency movements. The year end working capital/sales ratio of 13.6 per cent is the best in PaperlinX's history. This reduces the funds we need to borrow and benefits our interest costs. It also frees up cash, allowing us to further pay down debt, even through a period of depressed earnings.

Merchant expenses also showed a significant reduction versus last year through successfully targeted cost reduction programmes across all regions. In local currencies, European expenses were down 9 per cent (12 per cent in the second half), North American expenses were down 13 per cent (21 per cent in the second half) and Australia/New Zealand/Asia expenses were down 2 per cent (5 per cent in the second half). Overall headcount (excluding the sale of Australian Paper) was down 8 per cent (or 632 employees).

People

This has been a year of great change, and challenge, for our people. We have seen an unprecedented fall in demand impacting volumes and have had to ensure that our cost base reflects that. We have made difficult decisions to recalibrate our cost base and substantially reduce our employee levels over the past year, but we now have a structurally lower cost base to benefit from any improvement in demand as the world exits the recession. While spending has been constrained on training, we have seen real benefits out of our past investment and will look to invigorate our activities when conditions improve. Our Values continue to positively guide our behaviours while our safety performance also took another step change improvement through the year as well.

Conclusion

I would like to thank my fellow employees for their leadership, dedication, and focus through this most challenging year. It has been a year of recalibration and we must now build off that base into areas of higher value for all of our stakeholders.



Thomas P Park
Managing Director and
Chief Executive Officer

SENIOR MANAGEMENT



Tom Park

Mark Hooper

Chris Creighton

Martin Fothergill

Larry Jackson



Chris Livitsanis

Toby Marchant

Ross O'Brien

Jon Ryder

David Shirer

Tom Park

Managing Director and Chief Executive Officer

Tom was appointed Managing Director and Chief Executive Officer of PaperlinX Limited in February 2004. He was previously Chief Executive Officer of Goodman Fielder Limited, Chief Executive Officer of Southcorp Limited, and Executive Vice-President of Kraft Foods Limited. Tom has broad business experience in Australia, Asia, North America and Europe.

Mark Hooper

Chief Financial Officer

Mark joined PaperlinX as Chief Financial Officer in October 2008 and was also appointed as a Company Secretary in August 2009. He has worldwide responsibility for finance, taxation, commercial, legal, audit and business systems. Mark has held a wide range of senior roles in the mining and pharmaceutical industries over the past 30 years, including appointments as a non-executive director on a number of publicly listed companies.

Chris Creighton

President, PaperlinX North America

Chris was appointed President, PaperlinX North America in March 2001 and has responsibility for the operations in the US and Canada. Chris has an extensive background in merchanting and has held various senior positions in Australia and North America.

Martin Fothergill

Executive General Manager,
Global Merchanting (until 14 August 2009)

Martin was appointed Executive General Manager, Global Merchanting in October 2008. He was previously Group General Manager, Merchanting Australasia and Regional President - UK & Ireland. Martin joined the PaperlinX Group in 2002 as Managing Director of Bunzl Fine Paper in the UK, later renamed to The Paper Company. Martin has over 30 years' experience in paper merchanting.

Larry Jackson

Executive General Manager, PaperlinX
Merchanting Australia, New Zealand and Asia

Larry was appointed Executive General Manager to PaperlinX Merchanting Australia, New Zealand, Asia and Paper Products Marketing in October 2008. Prior to this role Larry was President of PaperlinX Canada. Previous experience in Australia and Asia are in paper distribution, global trading, industrial power tools and building materials.

Chris Livitsanis

Executive General Manager,
Business Development

Chris joined PaperlinX in 2004 and was appointed Executive General Manager, Business Development in August 2008. He was previously Executive General Manager, Strategy & Operational Excellence. His current role encompasses the review and realignment of business processes, operational improvement, mergers and acquisitions and strategic redevelopment. Chris has held senior management positions in both FMCG and strategic management consulting.

Toby Marchant

Chief Executive Officer, PaperlinX Europe

Toby was appointed Chief Executive Officer, PaperlinX Europe in July 2008 and has responsibility for the growth and strategic direction of the Merchanting businesses in Europe.

Toby was previously Regional President for PaperlinX UK, Ireland and South Africa and Managing Director of Robert Horne Group and has over 25 years' experience in Paper Merchanting.

Ross O'Brien

Executive General Manager, Human Resources

Ross joined PaperlinX in March 2003 and is responsible for developing the Group's worldwide human resources and environment, safety and health policy and strategy. Ross has held various senior executive level roles in human resources and operational areas in Australia, the US and Europe.

Jon Ryder

Group General Manager,
Manufacturing Strategy

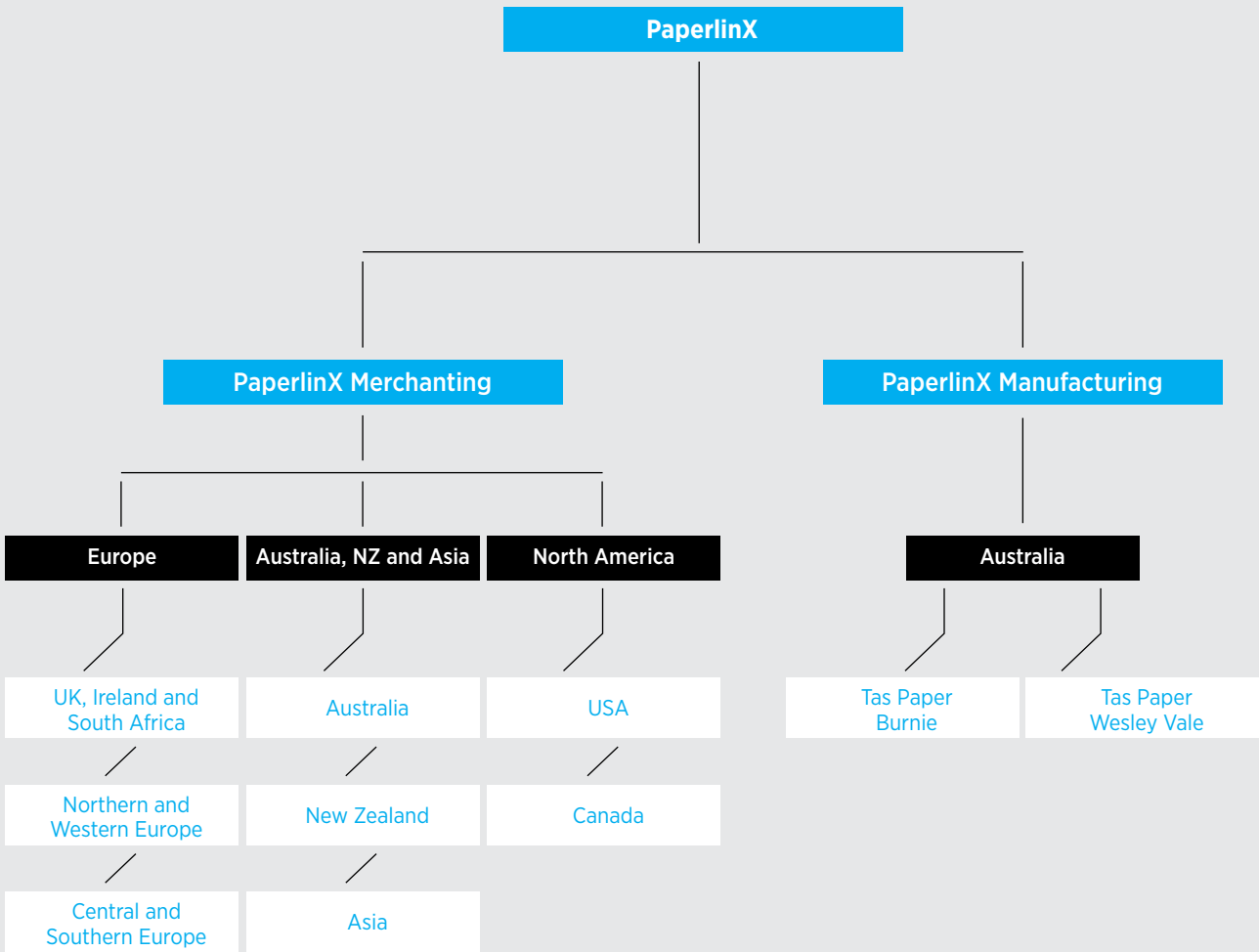
Jon was appointed Group General Manager, Manufacturing Strategy in June 2009. He joined PaperlinX in May 2006 as General Manager for the Tasmanian and Shoalhaven Mills. Jon has held a wide range of international senior roles in the pulp and paper industry over the past 20 years and has a PhD in Pulp and Paper Manufacturing.

David Shirer

Executive General Manager, Corporate Affairs

David joined PaperlinX in 2000 and has responsibility for investor relations, external communication, including media relations, and internal communication. David has broad experience in investor relations and in the finance industry.

GROUP STRUCTURE



**Beyond paper
dedicated people
working towards
sustainable future
focused on the
of our value-
merchandising**

**er are
people,
ards a
uture and
ne growth
added
businesses.**

Dedicated people

Passion, Success and Pride

Our Values focus and guide the actions of our people on a daily basis. The Value: Passion, Success and Pride leads to an energised and creative workplace and environment where we celebrate our successes.



49%

Reduction in our Lost Time Injury Frequency Rate over the past eight years

7,199

Dedicated employees across 26 countries

Our businesses around the world have each faced enormous challenges over the past year, but across the 26 different countries in which we operate, our people have been united by PaperlinX's common set of Values. These seven Values:

- Respect Local and Add Value with Global
- Sustainability
- Courage to Lean Forward
- Success through Ideas and Partnerships
- Passion, Success and Pride
- Leadership
- Trust and Respect

transcend operational and regional differences and aim to connect everyone throughout the organisation and help us achieve our business objectives.

Reducing our environmental impact

We have continued to develop innovative products and services to ensure that our businesses worldwide are well positioned to meet our customers' environmental requirements.

Reducing Landfill

Launched in May 2008, yoyo™ is already a major office papers brand for Robert Horne Group in the UK, with paper sales of 6,000 tonnes and almost 1,000 tonnes of waste paper returned to the paper mill to produce new yoyo recycled paper.

As a manufacturer and distributor of paper, we have certain responsibilities. Building our business primarily upon paper – a sustainable product made from a renewable natural resource that is completely recyclable – has many implications. These unique product features have become increasingly relevant to environmentally conscious consumers the world over. Guiding us through our responsibilities is our sustainability strategy which focuses on these three areas:

- Economic sustainability – the successful performance of our business model.
- Social sustainability – meeting society's expectations of our responsibilities to our employees and the communities in which we operate.
- Environmental sustainability – managing natural resources wisely to continually improve our environmental performance.

This past year has been a very challenging one for our business and yet there are some achievements of which we can feel justifiably proud.

- For the second consecutive year, PaperlinX has been ranked 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.
- Over the past eight years, we have successfully reduced our Medically Treated Injury Frequency Rate (MTIFR) by 58 per cent and our overall Lost Time Injury Frequency Rate (LTIFR) by 49 per cent, with falls in 2009 of 21 per cent and 11 per cent respectively.

- 44 per cent of our employees around the world took advantage of the free health check offered as part of HealthLinX, our global health and wellbeing programme.
- 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.
- We implemented a global carbon policy to ensure consistent explanations across PaperlinX in the measurement of carbon intensity of our own operations and of the products we buy and sell.
- We reached our target of 100 per cent of perating companies achieving multiple chain-of-custody certification.
- The upgrade of the pulp capacity at Maryvale Mill was completed along with the new elemental chlorine free (ECF) bleach plant, further improving the environmental performance of the mill.

revive™

Delivering the balance between environmental responsibility and quality performance, revive™ is the market-leading recycled brand for corporations and government in the UK and will soon be rolled out in other European markets. This year, seven out of ten UK FTSE Top 10 companies specified revive™ for their Report and Accounts.



ENVI™

ENVI™ is Australia's fastest growing environmental paper. Key to its success is its position as the world's only Government Certified, 100% Carbon Neutral paper. Users have especially warmed to using the Australian Government's Greenhouse Friendly consumer logo to demonstrate their commitment to reducing global warming.



All eyes on our global Merchanding platform

PaperlinX links customers and suppliers through a global network of locally focused merchants. Providing customers what they want, when they want it, backed up by global scale, and an expanding offering in Sign and Display, Industrial Packaging, Converting and Graphics.

Beyond Paper

Our product offering extends beyond paper. Robert Horne Group in the UK supplied the material – KYDEX® T thermoplastic alloy – and technical support for the production of new curvilinear benches for Manchester Airport's departure concourse.

KYDEX® T benches manufactured by Robert Horne Group customer, Hutchfield Furniture, to a design by public artist and sculptor, Mel Chantry.

PaperlinX is one of the world’s largest global merchants with operations in 26 countries and sales exceeding three million tonnes of paper annually.

We stock and market own branded paper, and we distribute well known mill brands in office, commercial print, printing and publishing paper. We offer a diverse range, superior product knowledge and technical expertise. We provide professional and timely solutions, and ongoing support until the job is completed. We are expanding our offerings in Sign and Display, Industrial Packaging and Graphics.

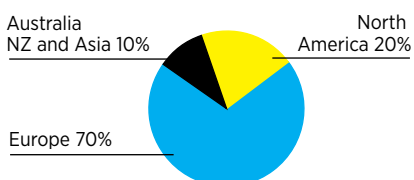
We offer supply chain assurance that the wood fibre used in the paper we sell is sourced from sustainably managed forests. We support independent certification systems, such as the FSC accreditation process and the Programme for Endorsement of Forest Certification (PEFC).

MERCHANTING OVERALL – RESULTS

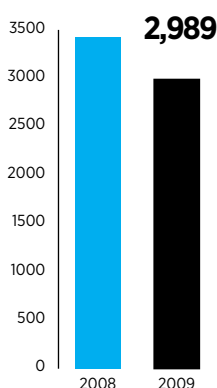
		Year June 2009	Year June 2008
Sales volume	'000 tonnes	2,989	3,424
Sales revenue	A\$m	6,296	6,512
Earnings before interest and tax before significant items	A\$m	82.3	185.7
EBIT/Sales ratio	%	1.3	2.9
Return on average funds employed	%	4.8	10.9

- Overall sales volume for Merchating was down 13 per cent, in line lower volumes in key markets. Second half volumes were down 19 per cent.
- Revenue in Sign and Display, Graphics and Industrial Packaging was down in source currency, with these non-paper businesses accounting for 17 per cent of gross profit.
- Sales revenue for the total Merchating business was down 3 per cent, 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 merchating businesses headcount was down 8.1 per cent, 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 per cent despite negative currency translation impacts. Notwithstanding second half volume falls, year end inventory days were down from 64.5 to 58.9 across Merchating as a result of improved processes.

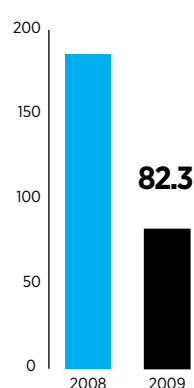
Sales revenue
(% by region)



Sales volume
(’000 tonnes)



Earnings before interest and tax (A\$ million)



Merchanting Europe

PaperlinX is one of Europe’s leading independent merchants of paper and related products for the commercial print, office, packaging and display markets. Our European network of merchants across 17 countries provides over two million tonnes of paper products to our 80,000 customers. The customer base comprises printers, publishers, sign makers and advertisers who produce high added value, time-sensitive publications. We also serve resellers, retailers, offices and businesses with paper and packaging material.

MERCHANTING EUROPE – RESULTS

		Year June 2009	Year June 2008
NW Europe	'000 tonnes	616	690
UK & Ireland ⁽¹⁾	'000 tonnes	990	1,147
Central and 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 before significant items	€m	20.9	67.3
Reported earnings before interest and tax	€m	30.2	83.3
Trading EBIT/Sales ratio	%	0.9	2.5

(1) Also includes volume from South Africa

- Overall sales volumes were down 12 per cent, with second half volumes down by 18 per cent, 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 per cent on the prior year, with a headcount reduction of over 7 per cent. Second half expenses were down 12 per cent 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 per cent below the prior June level, although the average working capital to sales ratio suffered from an averaging effect and rose slightly from 17.4 per cent to 18.2 per cent.

LEADING BRANDS

- CORE
- dtec
- On
- Enlite
- fizz
- Hello
- IBM
- Motif
- revive
- SKYBOND
- yoyo

CORE

CORE is an everyday coated paper that only delivers The Essentials. The range is simple with only the sizes and weights that printers use most often. High quality that can be relied on day after day.

- Beautiful coated paper for everyday use
- Good balance between quality and price
- Our fastest growing brand in Europe



Merchanting North America

PaperlinX is a leading US West Coast and Canadian fine paper and graphic arts merchant distribution network serving printers and graphic customers across North America with a unique offering of products from domestic and international suppliers. Custom sheet converting facilities offer a fast turnaround to provide sheeting to meet customers' exact size dimensions, eliminating waste and increasing customers' productivity. As well as offering a wide variety of paper options, many of our operations also provide graphic systems solutions.

MERCHANTING NORTH AMERICA - RESULTS

		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 and tax	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 was down 25.7 per cent in the 12 months to June 2009, and was down 31.6 per cent in the second half).
- The sales volume decline for North America of 16 per cent was favourable to a sharply lower market, but was impacted by the 25 per cent 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 per cent, as a result of both the slower market and an active cost reduction programme. Second half expenses were down 21 per cent on the prior year as reductions gathered momentum. Headcount was down 16.5 per cent versus last year.
- Average working capital to sales at 13.7 per cent was a slight deterioration over the prior years' 12.7 per cent, but credible in light of the external environment. Year end working capital/sales ratio at 10.3 per cent reflected the strong improvement in inventories realised in the second half, with year end stock days falling from 69.8 to 60.8.

LEADING BRANDS

- Discovery
- Endeavour
- iprint
- Pacesetter
- Supreme
- Tango

Endeavour*

Endeavour is part of the Advantage family of coated sheet-fed products. This range of well-established brands, which also includes Discovery, Pacesetter and TopKote, offers choice, availability, reliability and consistency.

- A leading environmental coated sheet-fed product
- Contains 30% post-consumer waste
- FSC Mixed Sources certified
- Offers a perfect balance between economy and the environment



SPICERS **Advantage Grade**

Merchanting Australia, NZ and Asia

PaperlinX is the leading Merchanting group in Australia and New Zealand, and also has specialist Merchanting operations in Asia and an extensive global paper trading business, PPM. The primary focus is on commercial print, packaging, web and office segments, with a growing level of activity in graphics supplies. Our network of locally based merchants offers compelling benefits to the local market in the way of product range, quality and availability, supported by our global scale.

MERCHANTING AUSTRALIA, NZ AND ASIA – RESULTS

		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 and tax	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 to Nippon Paper as a part of the Australian Paper sale.
- Revenue was down 2 per cent 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 per cent, ahead of the fall in volumes.
- Operating expenses were down 2 per cent, with good performances on labour, delivery and discretionary spending, and improving momentum, with the second half expenses down 5 per cent. At the end of June, headcount was down 5 per cent versus last year adjusted for the sale of Australian Paper.

LEADING BRANDS

- 9lives
- Alpha
- Alpine
- ENVI
- Hello
- Impress
- Monza Recycled
- revive
- Springleaf
- Tracker



Pacesetter

Used as a house stock by leading Australian printers, the Pacesetter range offers no-nonsense reliability and print turnaround with a solution and price level to meet demanding budgets. The range has been recently extended to include Pacesetter Digital for Digital Printing applications.

- Family of leading coated and uncoated papers for the commercial print market, offering consistent quality and reliability
- Pacesetter coated papers are FSC Mixed Sources certified
- Economically priced range



PaperlinX's Australian manufacturing business, Tas Paper, is the only paper manufacturing operation of the PaperlinX Group as at the end of the 2009 financial year.

One of the key events in the past year was the sale of PaperlinX's Australian manufacturing business, Australian Paper (excluding Tasmanian operations) to Nippon Paper Group for \$600 million cash plus other adjustments.

This sale completed on 1 June 2009 therefore the results for Manufacturing for the 2009 financial year comprise 12 months of the Tasmanian operations (Tas Paper), shown as continuing operations, and 11 months of the business sold, shown as discontinued operations.

After the sale, PaperlinX's paper manufacturing activities include the Wesley Vale Mill and Burnie Mill in Tasmania. These mills have a combined capacity of 228,000 tonnes per annum of coated and uncoated printing and writing paper. There is a review underway in the future for these mills, with possible outcomes including business as usual, partial closure, full closure, or sale.

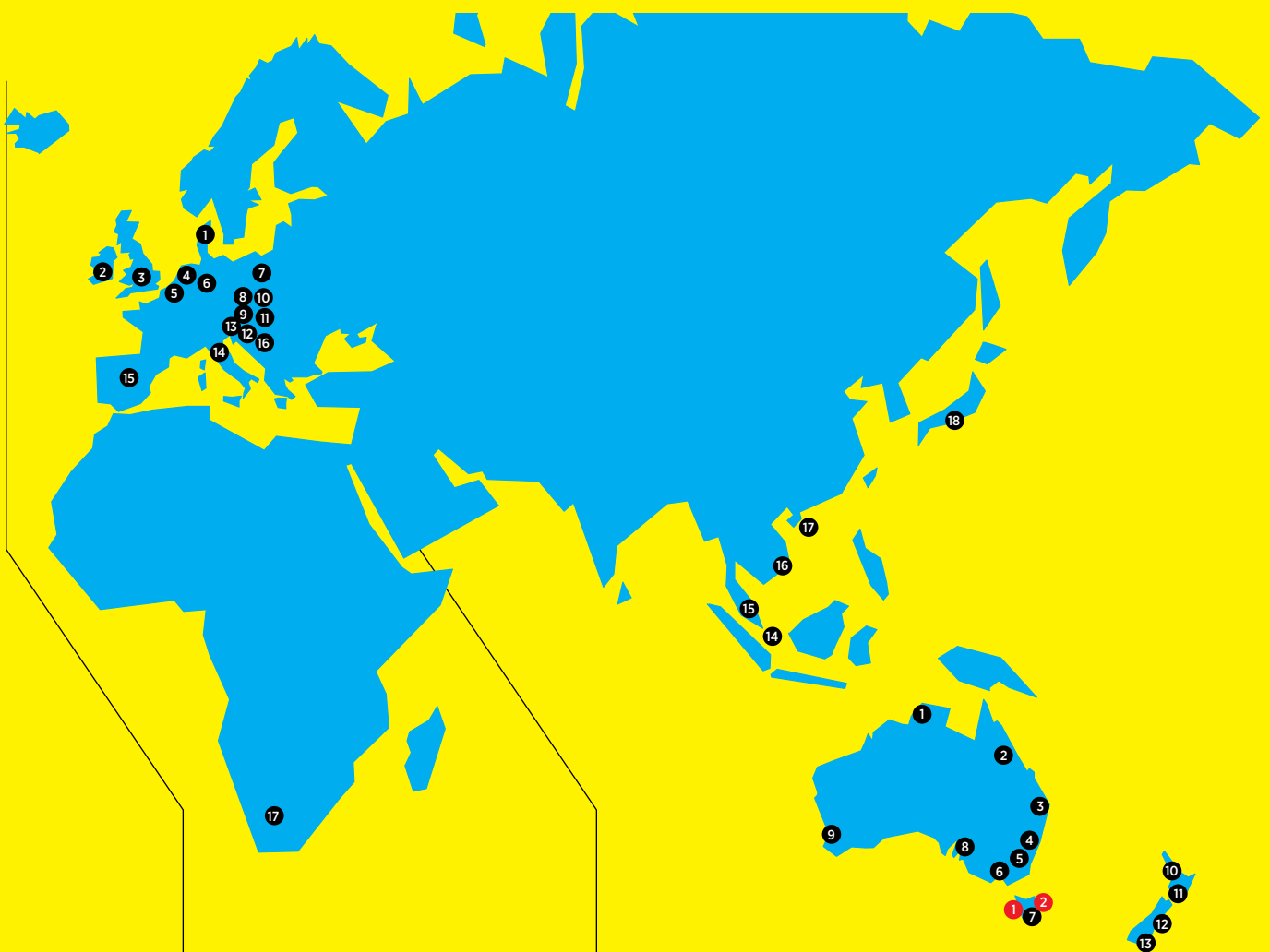
MANUFACTURING – RESULTS

		Year June 2009	Year June 2008
Discontinued operations			
Sales volume	'000 tonnes	585	721
Sales revenue	A\$m	752	863
Earnings before interest and tax	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 and tax	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.

Global operations

PaperlinX is one of the world's largest global merchants and a manufacturer of high-quality communication papers. We have operations in 26 countries and sell around three million tonnes of paper annually.



Merchanting Europe

- | | |
|------------------|-----------------|
| 1 Denmark | 10 Slovakia |
| 2 Ireland | 11 Hungary |
| 3 United Kingdom | 12 Croatia |
| 4 Netherlands | 13 Slovenia |
| 5 Belgium | 14 Italy |
| 6 Germany | 15 Spain |
| 7 Poland | 16 Serbia |
| 8 Czech Republic | 17 South Africa |
| 9 Austria | |

Merchanting Australia, NZ and Asia

- | | |
|--------------|-----------------|
| 1 Darwin | 10 Auckland |
| 2 Townsville | 11 Wellington |
| 3 Brisbane | 12 Christchurch |
| 4 Sydney | 13 Dunedin |
| 5 Canberra | 14 Singapore |
| 6 Melbourne | 15 Malaysia |
| 7 Hobart | 16 Vietnam |
| 8 Adelaide | 17 Hong Kong |
| 9 Perth | 18 Japan |

Paper Manufacturing

- | |
|--------------------|
| 1 Burnie Mill |
| 2 Wesley Vale Mill |

Our focus is on manufacturing and distributing high-quality fine paper used in offices, as well as speciality papers used in brochures, magazines, annual reports and other business applications. We are expanding our range in other materials such as sign and display products, industrial packaging and graphics.



Merchanting North America

- | | | |
|-------------|----------------|------------------|
| 1 Edmonton | 10 Belleville | 20 Denver |
| 2 Calgary | 11 Ottawa | 21 Kansas City |
| 3 Saskatoon | 12 Montreal | 22 St Louis |
| 4 Vancouver | 13 Quebec City | 23 San Francisco |
| 5 Regina | 14 Dartmouth | 24 Las Vegas |
| 6 Winnipeg | 15 St John's | 25 Los Angeles |
| 7 Sudbury | 16 Seattle | 26 San Diego |
| 8 Toronto | 17 Portland | 27 Phoenix |
| 9 Kitchener | 18 Minneapolis | 28 Tucson |
| | 19 Sacramento | 29 Hawaii |

DIRECTORS OF PAPERLINX



David Meiklejohn



Tom Park



Harry Boon



James (Jim) Hall



Barry Jackson



Nora Scheinkestel



Lindsay Yelland

David Meiklejohn

BCom, Dip Ed, FCPA, FAIM, FAICD

Independent Non-executive Director
(Chairman)
Age 67

Appointed a Director and Chairman in December 1999. An experienced company director with a solid financial background and over 40 years' experience in paper manufacturing and distribution businesses. Currently a director of ANZ Banking Group Limited (from October 2004), Coca-Cola Amatil Limited (from February 2005) and Mirrabooka Investments Limited (from March 2006). President of Melbourne Cricket Club (since February 2007). He is the Chairman of the Nomination & Governance Committee and an ex officio member of the Audit Committee, Remuneration & HR Committee and Safety & Environmental Committee.

Thomas (Tom) Park

BSEE, MBA

Executive Director (Managing Director)
Age 62

Appointed Managing Director and Chief Executive Officer of PaperlinX Limited in February 2004. Broad business experience in Australia, Asia, North America and Europe. Previous roles include: Managing Director and Chief Executive Officer of Goodman Fielder Limited, Chief Executive Officer of Southcorp Limited and a director of the National Australia Bank and the Business Council of Australia.

Harry Boon

LLB (Hons), BCom

Independent Non-executive Director
Age 61

Appointed a Director in May 2008. An experienced director with strong background in international marketing, sales and manufacturing operations. Currently, he is the Chairman of Tatts Group Limited and Gale Pacific Limited and a director of Toll Holdings Limited and Hastie Group Limited. Mr Boon recently announced that he will retire as a director of Gale Pacific Limited, effective 17 November 2009. A former Chief Executive Officer and Managing Director of Ansell Limited (retired in 2004) and a director of Funtastic Limited (September 2004–February 2008). He is a member of the Audit Committee and Nomination & Governance Committee.

James (Jim) Hall

BCom (Acc), FCPA, MAICD

Independent Non-executive Director
Age 58

Appointed a Director in May 2007. An experienced company director and is currently a director of Alesco Corporation Limited (since July 2005), the ConnectEast Group (since June 2005), Centro Properties Limited (since September 2005), Centro Retail Limited (since September 2005) and a member of JP Morgan Advisory Council (Australia) since May 2005. A former director of Symbion Health Limited (June 2005–February 2008). He is the Chairman of the Audit Committee and a member of the Nomination & Governance Committee.

Barry Jackson

BCom (Hons), MAICD

Independent Non-executive Director
Age 63

Appointed a Director in February 2000. Over 30 years' experience in manufacturing and industrial marketing in Australian and international markets. Currently, a director of Equity Trustees Limited (since September 2002). A former director of CSR Limited (April 2003–March 2007) and Alesco Corporation Ltd (November 2001–September 2008). He is a member of the Audit Committee and the Nomination & Governance Committee.

Nora Scheinkestel

LLB (Hons) PhD, FAICD

Independent Non-executive Director
Age 49

Appointed a Director in February 2000. An experienced company director, having served as a non-executive chairman and director of companies in a wide range of industry sectors and in the public, government and private spheres. Currently a director of AMP Limited (since 2003) and two of its subsidiaries, AMP Bank Ltd and AMP Capital Investors; Orica Ltd (since 2006) and Pacific Brands Ltd (since 2009). Previously a director of Newcrest Mining Ltd (2000–2007) and Mayne Pharma Ltd (2005–2007). She is an Associate Professor at the Melbourne Business School at Melbourne University. Dr Scheinkestel is currently the Chairman of the Safety & Environment Committee and a member of the Remuneration & HR Committee.

Lindsay Yelland

BSc, FAICD, MACS

Independent Non-executive Director
Age 63

Appointed a Director in February 2000. Extensive experience in the IT industry. Currently Chairman of Argus Solutions Limited (since March 2003) and a member of the NSW AICD Council and AICD Reporting Committee (since March 2008). Previous roles include Chairman of Legion Interactive Pty Limited (2002–2005) and Ideas International Limited (November 2000–December 2007); a Group Managing Director of Telstra Corporation; Vice President Asia-Pacific of Data General Corp; and Vice President of Apollo Computer Corporation. He is the Chairman of the Remuneration & HR Committee and a member of the Safety & Environment Committee.

PaperlinX supports and is committed to the principles of best practice in corporate governance. PaperlinX considers that its corporate governance practices substantially follow the ASX Corporate Governance Principles and Recommendations in all material respects. The detailed corporate governance statement along with the Company's corporate values, policies and systems of internal compliance and control are set out on the Company's website at www.paperlinx.com. Information on the Company's sustainability policies and processes are set out in the Sustainability Report which is available on the Company's website.

Board of Directors

The Board has the overall responsibility for the conduct and governance of the Company, including its strategic direction and the monitoring of performance targets. The Board, which is comprised of a majority of independent Non-executive Directors, operates in accordance with PaperlinX's Guidelines for Board Operation and Management. To assist in executing its responsibilities, the Board has established four board committees (Audit, Nomination & Governance, Remuneration & HR and Safety & Environment). The Board includes Directors with a range of skills, experience and expertise to promote Board effectiveness. The performance of the Board and its committees is reviewed annually.

Risk Oversight and Management

PaperlinX operates a comprehensive risk oversight and management programme. In addition to ongoing monitoring, the programme is formally reviewed twice yearly by the Audit Committee. As part of this programme, material business risks are identified and assessed by both internal and external parties, as are procedures and other actions for managing and mitigating them.

Ethical and Responsible Decision-making

The Company has a code of ethics that guides all employees in how to conduct the business of the Company in the highest ethical manner. Together with the Company's values and core operating principles, they set the standards of behaviour required from Directors and employees in how they should conduct themselves in dealing with the Company's affairs. The Company has numerous policies designed to prevent fraud and illegal practices and to encourage and protect persons who report suspected fraud or illegal activities through the 'Speak Up' reporting service.

Trading in Company Securities

The Company has a policy which is required to be complied with by the Directors, senior executives and employees in relation to transacting in the Company's securities.

Disclosure Policies

The Company has established policies and procedures to ensure that the ASX, shareholders and the investment market generally are informed in a timely manner of all major developments affecting the Company's business and affairs.

Integrity of Financial Reporting

The Managing Director and the Chief Financial Officer have provided assurance to the Board that the declaration given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control which is operating effectively in all material respects.

Rights of Shareholders and Communications Strategy

The Company is committed to promoting open and effective communication with its shareholders. In addition to providing information at the Annual General Meeting and in the Annual Report a number of other publications are prepared. These include a Half Yearly Financial Report, Sustainability Report and an Annual Review. Other information about the Group, including ASX Releases, can be found on the Company's website.

Board Committees

To assist in the execution of its responsibilities, the Board has established the following committees:

- Audit
- Nomination & Governance
- Remuneration & Human Resources
- Safety & Environment

All Committees have written Charters, which are set out in full in the Guidelines on Board Operation and Membership. The committees operate principally in a review or advisory capacity, except where powers are expressly conferred on or delegated to a committee by the Board. Each committee reports to the full Board following a Committee Meeting.

Audit Committee

The Audit Committee's primary responsibilities are to make recommendations to, and assist, the Board in relation to:

- financial reporting, including adequacy of disclosures and application of accounting policies;
- the external auditors and the internal audit function;

- maintenance of an effective framework of business risk management including compliance, internal controls and assurance; and
- the insurance programme.

Nomination & Governance Committee

The Nomination & Governance Committee's primary responsibilities are to make recommendations to, and assist, the Board in connection with the appointment and performance of Directors, corporate governance, the appointment and remuneration arrangements of the Managing Director and related matters.

Remuneration & Human Resources Committee

The Remuneration & Human Resources Committee's primary responsibilities are to make recommendations to, and assist, the Board in relation to human resources and remuneration policies and practices for the Company.

Safety & Environment Committee

The Safety & Environment Committee's primary responsibilities are to make recommendations to, and assist, the Board in relation to safety (including occupational health and wellbeing) and environment matters generally.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are detailed in the table below.

Directors	Board of Directors		Audit Committee		Nomination & Governance Committee		Remuneration & HR Committee		Safety & Environment Committee	
	A	B	A	B	A	B	A	B	A	B
D E Meiklejohn	22	22	7	7	4	4	5	5	4	4
T P Park	22	22								
H Boon	22	18	7	6	4	4				
A F Guy ⁽¹⁾	13	13					2	2	2	2
J W Hall	22	22	7	7	4	4				
B J Jackson	22	21	7	7	4	4				
D M Lamont ⁽²⁾	6	6								
N L Scheinkestel	22	22					5	5	4	4
L J Yelland	22	22					5	5	4	4

A - Number of meetings held during the time the Director held office or was a member of relevant committee during the year.

B - Number of meetings attended.

⁽¹⁾ Retired on 31 December 2008.

⁽²⁾ Resigned on 26 September 2008.

FIVE YEAR HISTORY

FOR YEARS ENDED 30 JUNE

	Actual 2008/2009	Actual 2007/2008	Actual 2006/2007	Actual 2005/2006	Actual 2004/2005	
(\$AUD million except where indicated)						
PaperlinX consolidated financial performance						
Sales revenue	7,107 ⁽¹⁾	7,485 ⁽¹⁾	7,839 ⁽¹⁾	7,372 ⁽¹⁾	7,574	
Sales growth (%)	(5.1)	(4.5)	6.2	(2.7)	21.9	
(Loss)/Profit from ordinary activities before depreciation, amortisation, impairment net interest and income tax	(36.0)	254.3	286.5	257.1	293.0	
Earnings from ordinary activities before interest and income tax	(718.2)	160.4	185.5	152.4	180.1	
(Loss)/Profit from ordinary activities before income tax	(800.0)	100.4	114.6	87.3	111.6	
(Loss)/Profit from ordinary activities after income tax (excluding ATC)	(798.2)	72.3	80.1	65.4	89.6	
(Loss)/Profit from ordinary activities after income tax (including ATC)	(798.2)	72.3	80.1	65.4	166.6 ⁽²⁾	
Financial statistics						
Depreciation, amortisation and impairment expense	682.2	93.9	101.0	104.7	112.9	
Net interest expense	81.8	60.0	70.9	65.1	68.5	
Cash flow from operating activities	(6.0)	117.1	142.9	259.8	273.4	
Capital expenditure – acquisitions	3.4	17.8	35.3	100.9	44.6	
Capital expenditure – plant and equipment	180.1	326.0	177.4	101.4	86.3	
Earnings from ordinary activities before interest and income tax by segments						
Merchanting	82.3 ⁽³⁾	185.7 ⁽³⁾	205.2	188.9	194.1	
Paper Manufacturing Continuing	(8.7) ⁽⁴⁾	(26.1) ⁽⁴⁾	10.2 ⁽⁴⁾	(3.3) ⁽⁴⁾	12.1	
Paper Manufacturing Discontinuing	36.5 ⁽⁵⁾	30.8 ⁽⁵⁾				
Corporate	(93.7)	(30.0)	(29.9)	(33.2)	(26.1)	
Total EBIT Pre Significant Items	16.4	160.4	185.5	152.4	180.1	
Significant Items	(734.6)	-	-	-	-	
Total EBIT Post Significant Items	(718.2)	160.4	185.5	152.4	180.1	
Financial position summary						
Current assets	2,312	2,678	2,874	2,881	2,674	
Non-current assets	636	1,700	1,568	1,510	1,493	
Total assets	2,948	4,378	4,442	4,391	4,167	
Current liabilities	1,503	1,536	1,823	1,460	1,373	
Non-current liabilities	174	917	714	1,322	1,231	
Total liabilities	1,677	2,453	2,537	2,782	2,604	
Net Assets/Total shareholders' equity	1,271	1,925	1,905	1,609	1,563	
Financial ratios						
Basic earning per share (excluding ATC)	(cents)	(145.6)	10.1	16.4	14.7	20.1
Basic earning per share (including ATC)	(cents)	(145.6)	10.1	16.4	14.7	37.3 ⁽²⁾
Earnings per share growth (excluding ATC)	(%)	(1,541.6)	(38.4)	11.6	(26.9)	(18.6)
Return on average funds employed	(%)	(26.3)	5.7	7.0	6.2	6.7
Return on average shareholders' equity	(%)	(46.3)	3.8	4.7	4.4	10.4 ⁽²⁾
Dividend per ordinary share	(cents)	0	6.5	11.0	10.0	25.5
Dividend franking	(%)	0	0	0	0	0
Net tangible asset per ordinary share	(\$)	0.85	2.59	2.58	2.49	2.40
Net interest cover	(times)	(7.7) ⁽⁶⁾	2.0 ⁽⁶⁾	2.5 ⁽⁶⁾	2.3	2.6
Gearing (Net debt/net debt and shareholders' equity)	(%)	14.6	28.7	24.3	36.0	35.9
Gearing (Net debt/shareholders' equity)	(%)	17.1	40.3	32.1	56.2	55.9
Other information						
PaperlinX share price:						
• Year's high	(\$)	2.29	3.71	4.40	3.86	5.46
• Year's low	(\$)	0.31	1.72	3.03	2.85	2.33
• Close as at 30 June	(\$)	0.425	1.72	3.72	3.12	3.01
Fully paid ordinary shares as at 30 June	(millions)	603.6	453.1	448.7	446.2	446.2
Weighted average number of shares	(millions)	558.7	450.8	447.6	446.2	446.1
Market capitalisation as at 30 June	(\$ millions)	257	779	1,669	1,392	1,343
Number of shareholders as at 30 June		54,551	57,002	62,663	73,223	90,889
Employee numbers as at 30 June		7,199	9,365	9,502	9,672	9,369

⁽¹⁾ Sales revenue is net of trade and settlement discounts.

⁽²⁾ Includes once only benefit of entering Australian Tax Consolidation regime of \$77 million.

⁽³⁾ Merchanting excludes Dalton Web and Paper Trading, which are now included in Paper Manufacturing Discontinuing.

⁽⁴⁾ Paper Manufacturing Continuing includes the Tasmanian Paper operations.

⁽⁵⁾ Paper Manufacturing Discontinuing represents Australian Paper disposed to Nippon Paper on 31 May 2009.

⁽⁶⁾ Includes capitalised interest in 2009 of \$11.3 million, \$18.8 million in 2008 and \$4.2 million in 2007.

Share Registry

Shareholders with queries about anything related to their shareholding should contact the PaperlinX Share Registry in Melbourne, Australia: by telephone (within Australia) 1300 662 058 or (outside Australia) +61 3 9415 4021 by facsimile +61 3 9473 2500 by email at web.queries@computershare.com.au

Alternatively, shareholders may wish to write to:
PaperlinX Share Registry
GPO Box 2975, Melbourne
Victoria 3001, Australia.

Details of individual shareholdings can be checked conveniently and simply by visiting our Share Registry's website at www.computershare.com/au/investors. For security reasons, you then need to key in your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) plus company name or ASX code and postcode to enable access to personal information.

Tax file numbers

PaperlinX is required to withhold tax at the rate of 46.5 per cent on any unfranked component of dividends or interest paid to investors resident in Australia who have not supplied the Company with a tax file number (TFN) or exemption form. Investors are not required by law to provide their TFN if they do not wish to do so.

Transfer of shares off-market

No stamp duty is payable on off-market transfers.

Annual General Meeting

The Annual General Meeting is normally held in October.

The 2009 Annual General Meeting will be held at 11.00am on Thursday 22nd October 2009 at the Melbourne Exhibition Centre, Level 2 Auditorium, 2 Clarendon Street, Southbank, Victoria 3006, Australia.

Financial Calendar

Full Year Results 2009
31 August 2009

Annual General Meeting 2009
22 October 2009

Interim Results 2010
February 2010

Full Year Results 2010
August 2010

Annual General Meeting 2010
October 2010

Securities Exchange listing

PaperlinX shares are listed on the ASX. All shares are recorded on the principal share register, which is located in Victoria, the state of incorporation of PaperlinX. The Company's ASX code is 'PPX'.

Publications

Annual Review 2009

This year, PaperlinX Limited has produced an Annual Review. This is a short form non-statutory review of the Company's performance and activities for the year. The Annual Review will be sent to shareholders unless they elect not to receive it.

Full Annual Report 2009

The PaperlinX Limited 2009 Full Annual Report is available to all shareholders. It will only be sent to those shareholders who have requested a printed copy. Shareholders can request a copy of the Full Annual Report from the Share Registry by telephone (Australia 1300 662 058, outside Australia +613 9415 4021) or by email at contact@paperlinx.com.au. Alternatively, the Full Annual Report and Annual Review can be accessed on the PaperlinX website at www.paperlinx.com.

Since 2005, results have been reported under Australian equivalents to International Financial Reporting Standards (AIFRS). Prior periods to that have not been adjusted.

Other sources of information include:

PaperlinX Website

A range of corporate information, including the address of the Chairman and the Managing Director to the Annual General Meeting, may be obtained from www.paperlinx.com. Investor information is available from the Investor Information section.

Half-year Financial Report

The half-year Financial Report reviewing the July-December half-year is mailed to shareholders in March.

Change of address

Issuer sponsored shareholders should notify the PaperlinX Share Registry immediately of any change to their registered address, by telephone, online at www.computershare.com/au/investors or in writing and signed by the shareholder(s). Shareholders must quote their previous address and SRN. CHES sponsored shareholders should advise their sponsoring broker or non-broker participant.

Removal from mailing list

Shareholders who do not wish to receive a paper copy of the Annual Review or other publications should advise the PaperlinX Share Registry, by telephone, online at www.computershare.com/au/investors or in writing, and include their HIN or SRN.

Change of name

Issuer sponsored shareholders who change their name should notify the PaperlinX Share Registry, in writing, and attach a certified copy of a relevant marriage certificate or deed poll, and include their SRN. CHES sponsored shareholders should advise their sponsoring broker or non-broker participant.

Annual Review 2009

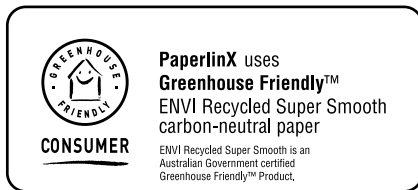
The high-quality paper used in this Review is distributed exclusively by PaperlinX and its Merchandising businesses.

The cover stock is ENVI™ Recycled Super Smooth 340gsm which has been blind embossed and pearl foil stamped.

ENVI™ Recycled Super Smooth is manufactured in Australia and is certified Greenhouse Friendly™ by the Australian Government under the Department of Climate Change Greenhouse Friendly™ Initiative. It contains 30 per cent Genuine Recycled Pulp which is certified by the FSC chain-of-custody scheme.

The text stock is revive™ 50:50 white silk 130gsm.

revive 50:50 contains 25 per cent post-consumer waste, 25 per cent pre-consumer waste and 50 per cent virgin fibre. revive 50:50 is an FSC Mixed Sources Certified pulp, which ensures that all virgin pulp is derived from well-managed forests and controlled sources. It is manufactured by an ISO 14001 certified mill. The pulp used in revive 50:50 is bleached using an Elemental Chlorine Free process.



When you have finished with this publication, PaperlinX urges you to recycle it to avoid landfill.

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Share Registry

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Email: web.queries@computershare.com.au

