PaperlinX

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PRESS RELEASE

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SUPPLEMENTARY INFORMATION

On Thursday 28 April 2005, PaperlinX announced an update to its profit guidance for the financial year to June 2005. The announcement highlighted the three key areas of variance as being paper demand, paper selling prices and exchange rates. To more fully inform shareholders the company would like to provide additional background information on its guidance that profit after tax (excluding Australian Tax Consolidation) is forecast to be around 20% lower than the net profit achieved in 2004.

In comparing the revised guidance in forecast earnings with our previous guidance, we note that the reduction is equally split between Australian Paper and Merchanting. The main influences contributing to the amended guidance on PBIT for each division can be summarised as follows:

Australian Paper

- Reduced forecast sales of fine paper in the Australian market, resulting from the combination of lower domestic demand and the impact of the exchange rate on paper selling prices and domestic volumes. This results in an additional 20,000 tonnes being channelled from domestic to the less profitable export market, and machine downtime at a cost of A$3 million. Export revenue is further reduced due to the changed currency assumptions. The combination of these effects has reduced PBIT expectations by around A$10 million.

- Other influences on the results of Australian Paper have been higher commodity input costs (excluding imported pulp), higher production costs on the packaging papers machines (including the impact of new machine safety guarding on the operating efficiencies of machines), partially offset by lower imported pulp costs due to changed exchange rates. The combination of these items has reduced PBIT expectations by around A$6 million. New production management has been employed and an automated tail feeding system and a fault identification system are being installed on the Maryvale 4 machine to improve efficiencies.

Merchanting

- ***Australia/New Zealand***
  Paper demand is forecast to be 1.5% lower than previously expected.

  Average paper selling prices are now forecast to be 1.5% lower than previously forecast predominately due to the higher exchange rate as well as an adverse sales mix. The negative PBIT impact of these items is expected to be around A$4 million.

  Major warehouse consolidation is close to completion which will result in expense savings in the 2006 financial year.

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- ***Europe***
  Softer demand has resulted in volume expectations down 1% on prior full year forecasts. PaperlinX Europe sells in the order of 2.5 million tonnes of paper a year, with the March to June period traditionally the seasonally strongest. The softer demand has resulted in lower forecast sales for this period.

  Average paper selling prices are forecast to be 2% lower than the previous expectations.

  Operating costs are expected to be below prior year levels and better than the previous forecast, with improvement achieved through synergies and tight cost management.

  The net PBIT effect of the above changes to our previous expectations is estimated to be around A$12 million.

- ***North America***
  There is only a minor impact from translation of earnings. Higher selling prices in the USA are expected to be offset by lower selling prices in Canada.

PaperlinX's worldwide Merchanting return on funds employed for the year is forecast to be around 10%.

Other Clarifications

One off costs, including redundancies, that are expected to be incurred in the 2005 financial year are around A$10 million. These costs are unchanged from previous forecasts, and are included in operating earnings. These actions will lead to lower costs in the 2006 financial year.

The company had a debt to debt plus equity gearing at December 2004 of 38%, which is well below covenant levels, thereby leaving considerable headroom in cash availability.

Our forecast for interest expense is unchanged. As a result of the reduced PBIT forecast income tax is down A$11 million versus the prior estimate.

A detailed breakdown of the variances described in the above narrative is attached.

For further information, please contact:

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Editors Note:
PaperlinX is the world's leading fine paper merchant, with businesses in Australia, New Zealand, Asia, North America and Europe. Through its Australian Paper division, it is also the only Australasian producer of high quality communication papers, and a major producer of high performance packaging and industrial papers.

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Attachment 1

The following is a detailed breakdown of the variances between the revised guidance compared to the previous guidance for the full year earnings to June 2005, as described in the preceding narrative.

PBIT (AUD $mill)	**Europe**	**North America**	**Australia/ NZ**	**Total Merchanting**	**Australian Paper**	**Other**	**PPX Group**
Sales Volume/Mix	-7	-1	-1	-9	-5	0	-14
Selling Price/Margin	-5	1	-1	-5	-1	-1	-7
Exchange Rate/Translation	-1	-1	-2	-4	-4	0	-8
Production Costs	0	0	0	0	-6	0	-6
Expenses/Other	1	0	0	1	0	1	2
Total PBIT	**-12**	**-1**	**-4**	**-17**	**-16**	**0**	**-33**
Interest							0
Tax							11
PAT							**-22**

Disclaimer:
The guidance table shown here is based on a range of assumptions which are subject to change.