Rules 4.3 A

# Appendix 4E Preliminary Final Report

Introduced 1/1/2003

Name of entity							
	PAF	PERLINX LI	MIT	ED			
ABN	Half yearly (tick)	Preliminar final (tick)		Half year/f period')	inancial y	ear endec	l ('current
70 005 146 350		$\checkmark$			30 J	une 2008	3
Results for announce Extracts from this report for announce			-	ote 1).		A\$	M
Revenue (item 1.1)			do	wn	4.2%	% to	7,488.1
Net profit (loss) for the period	d attributable	e to:					
Equity holders of PaperlinX Lin			do	wn	9.9 %	6 to	72.2
Minority interest (item 1.14)	,	,					0.1
Profit for the period			do	wn	9.9 %	6 to	72.3
Dividends (distributions)				Amount securit			ed amount security
Final dividend (Preliminary fina	I report only -	item			3.5 ¢		Nil
This dividend was declared at t	the date of this	s report.					
This dividend has not been pro accounts as at 30 June 2008.	vided for in th	е					
Interim dividend (Half yearly re	port only - iter	m 15.6)					
Previous corresponding period report – item 15.5)	(Preliminary	final			6.0 ¢		Nil
*Record date for determining dividend, (in the case of a trus item 15.2)				19 Se	ptember	2008	
Brief explanation of any of the or cash issue or other item(s) or							any bonus
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.

<sup>+</sup> See chapter 19 for defined terms.

# Condensed consolidated statement of financial performance

		Current period – A\$M	Previous corresponding period - A\$M
1.1	Revenue (items 1.30 – 1.32)	7,488.1	7,817.3
1.2 1.3	Other income (items 1.33 – 1.39) Expenses (items 1.40 – 1.46)	50.3 (7,395.5)	15.3 (7,642.1)
1.4	Result from operating activities	142.9	190.5
1.5 1.6	Financial income <i>(items 1.50 – 1.52)</i> Financial expenses <i>(items 1.53 – 1.57)</i>	26.9 (69.4)	6.3 (82.9)
1.7	Net financing cost	(42.5)	(76.6)
1.8	Profit before tax	100.4	113.9
1.9	Tax expense	(28.1)	(34.3)
1.10	Profit after tax but before profit from discontinuing operations	72.3	79.6
1.11	Profit from discontinued operations, net of tax	_	0.6
1.12	Profit for the period:	72.3	80.2
	Profit for the period attributable to:		
1.13	Equity holders of PaperlinX Limited	72.2	80.1
1.14	Minority interest	0.1	0.1
		72.3	80.2

Earnings per security (EPS)	Current period	Previous corresponding period
1.20 Basic EPS (cents)	10.1	16.4
1.21 Basic EPS from continuing operations (cents)	10.1	16.3
1.22 Diluted EPS (cents)	9.9	16.3
1.23 Diluted EPS from continuing operations (cents)	9.9	16.2

<sup>+</sup> See chapter 19 for defined terms.

		Current Period – A\$M	Previous Corresponding Period A\$M
	REVENUES AND EXPENSES		Αψινι
	Revenue		
1.30	Sales of goods	7,485.1	7,814.1
1.31	Commissions	3.0	3.2
1.32	Total Revenue	7,488.1	7,817.3

	Other income		
1.33	Rent	2.7	2.5
1.34	Dividends	0.6	0.5
1.35	Net profit on disposal of non-current assets (1)	38.0	8.1
			0.1
1.36	Insurance Proceeds	4.1	-
1.37	Other	4.6	4.2
1.38	Government Grants	0.3	-
1.39	Total other income	50.3	15.3

(1) Includes \$34.7 million (2007: \$Nil million) in relation to profits arising on the disposal of certain properties within the European Merchanting business, some of which are subject to commercial sale and lease back arrangements. The income tax expense arising on disposal of these properties is \$4.3 million (2007: \$Nil million). 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.

<sup>+</sup> See chapter 19 for defined terms.

		Current Period – A\$M	Previous Corresponding Period A\$M
	Expenses		,
1.40	Cost of sales	6,114.6	6,369.0
1.41	Personnel costs non-manufacturing	689.3	683.5
1.42	Logistics and distribution	308.4	316.4
1.43	General and administration	251.5	240.2
1.44	Sales and marketing	30.7	31.9
1.45	Research and development	1.0	1.1
1.46	Total expenses (excluding financing costs)	7,395.5	7,642.1
Net fi	inancing costs  Financial income:		
1.50	Interest income	5.3	6.3
1.51	Net foreign exchange gains	21.6	-
1.52	Total financial income	26.9	6.3
	Financial expenses:		
1.53	Interest expense	(84.1)	(80.9)
1.54	Less capitalised interest	18.8	4.2
		(65.3)	(76.7)
1.55	Net foreign exchange losses	-	(3.4)
1.56	Other borrowing costs	(4.1)	(2.8)
1.57	Total financial expenses	(69.4)	(82.9)
1.58	Total net financing costs, continuing operations	(42.5)	(76.6)
	Net interest expense, continuing operations:		
1.60	Interest income	5.3	6.3
1.61	Interest expense	(84.1)	(80.9)
1.62	Less capitalised interest	18.8	4.2
		(65.3)	(76.7)
1.63	Total net interest expense, continuing operations	(60.0)	(70.4)

<sup>+</sup> 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	7,485.1	7,814.1
	Discontinuing operations	-	25.2
		7,485.1	7,839.3
1.71	Profit before depreciation, impairment, amortisation, net interest and tax:		
	Continuing operations	254.3	285.3
	Discontinuing operations	-	1.2
		254.3	286.5
1.72	Depreciation, impairment and amortisation:		
	Continuing operations	(93.9)	(101.0)
	Discontinuing operations	-	-
		(93.9)	(101.0)
1.73	Profit before net interest and tax:		
	Continuing operations	160.4	184.3
	Discontinuing operations	-	1.2
		160.4	185.5
1.74	Net interest:		
	Continuing operations	(60.0)	(70.4)
	Discontinuing operations	-	(0.5)
		(60.0)	(70.9)
1.75	Profit before tax:		
	Continuing operations	100.4	113.9
	Discontinuing operations	-	0.7
		100.4	114.6
1.76	Tax:		
	Continuing operations	(28.1)	(34.3)
	Discontinuing operations	-	(0.1)
		(28.1)	(34.4)
1.77	Profit for the period:		·
	Continuing operations	72.3	79.6
	Discontinuing operations	-	0.6
		72.3	80.2

<sup>+</sup> See chapter 19 for defined terms.

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	72.2	80.1
1.82	Net transfers from (to) reserves (details if material)	-	-
1.83	Employee share options and rights	4.7	1.6
1.84	Dividends paid	(40.4)	(42.5)
1.85	Distributions provided and paid on PaperlinX step-up preference securities	(26.7)	(6.6)
1.86	Actuarial (losses)/gains on defined benefit plans	(43.8)	20.6
1.87	Retained profits (accumulated losses) at end of the year	(19.0)	15.0

<sup>+</sup> See chapter 19 for defined terms.

# Intangible and extraordinary items

		Consolidated – current period				
		Before tax A\$M	Related tax A\$M	Related outside +equity	Amount (after tax) attributable to members	
		(a)	(b)	interests A\$M (c)	A\$M (d)	
2.1	Amortisation of computer software	(16.3)	-	-	(16.3)	
2.2	Amortisation of brand names	-	-	-	-	
2.3	Amortisation of other intangibles	(0.4)	-	-	(0.4)	
2.4	Total amortisation of intangibles	(16.7)	-	-	(16.7)	
2.5	Extraordinary items (details)	-	-	-	-	
2.6	Total extraordinary items	-	-	-	-	

There was no amortisation of goodwill in the previous corresponding period.

# Comparison of half year profits (Preliminary final report only)

- 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)
- 3.2 Consolidated profit (loss) after tax attributable to equity (ordinary and preference) holders of PaperlinX Limited for the *2nd* half year

# Total for year

Current year – A\$M	Previous year – A\$M
35.3	32.7
36.9	47.4
72.2	80.1

<sup>+</sup> See chapter 19 for defined terms.

Cond	ensed 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	240.7	448.8	180.6
4.2	Trade and other receivables	1,522.8	1,564.0	1,638.1
4.3	Inventories	822.0	861.2	923.4
4.4	Assets held for sale	92.2	-	-
4.5	Total current assets	2,677.7	2,874.0	2,742.1
	Non-current assets			
4.6	Receivables	54.4	17.7	38.1
4.7	Investments	13.6	13.3	13.9
4.8	Property, plant and equipment	1,155.3	1,066.6	1,184.9
4.9	Intangible assets	409.0	417.9	425.9
4.10	Deferred tax assets	67.7	52.9	51.0
4.11	Total non-current assets	1,700.00	1,568.4	1,713.8
4.12	Total assets	4,377.7	4,442.4	4,455.9
-	Current liabilities			
4.13	Trade and other payables	1,182.6	4.050.0	1,148.2
4.14	Loans and borrowings	293.1	1,256.8 494.9	502.6
4.15	Income tax payable	0.4	494.9 5.1	12.8
4.16	Employee benefits	50.8	47.1	45.4
4.17	Provisions	9.1	19.1	11.9
4.18	Total current liabilities	1,536.0	1,823.0	1,720.9
	Non-current liabilities	,	,	,
4.19	Payables	96.4	53.8	53.5
4.20	Loans and borrowings	723.6		629.9
4.21	Deferred tax liabilities	50.8	565.7	47.2
4.22	Employee benefits	39.0	48.9	39.4
4.23	Provisions	5.7	37.8	6.9
4.24	Deferred income	1.6	7.6	1.4
	Total non assument lightlifting		0.5	
4.25	Total non-current liabilities	917.1	714.3	778.3
4.26	Total liabilities	2,453.1	2,537.3	2,499.2
4.27	Net assets	1,924.6	1,905.1	1,956.7

<sup>+</sup> See chapter 19 for defined terms.

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			
4.28	Issued capital	1,713.4	1,701.5	1,708.0
4.29	Reserves	(46.4)	(87.9)	(44.2)
4.30	(Accumulated losses)/retained profits	(19.0)	15.0	16.3
4.31	Equity attributable to holders of ordinary shares of PaperlinX Limited	1,648.0	1,628.6	1,680.1
4.32	PaperlinX step-up preference securities (net of issue costs)	276.5	276.4	276.5
4.33	Minority interests	0.1	0.1	0.1
4.34	Total equity	1,924.6	1,905.1	1,956.7
4.35	Preference capital included as part of 4.34	276.5	276.4	276.5

<sup>+</sup> 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	N/A	
	increments, etc.		N/A
6.6	Expenditure transferred to mine properties	N/A	N/A
6.7	Closing balance	N/A	N/A

<sup>+</sup> 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	7,526.1	7,803.6
7.2	Payments to suppliers and employees	(7,304.9)	(7,578.7)
7.3	Dividends received	0.6	0.5
7.4	Interest received	5.4	6.3
7.5	Interest paid	(87.1)	(82.6)
7.6	Income taxes paid	(38.8)	(16.3)
7.7	Other income received	11.7	10.1
7.8	Net operating cash flows	113.0	142.9
	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	(326.0)	(177.4)
7.11	Acquisition of controlled entities and businesses	(17.8)	(35.3)
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	55.3	24.0
7.14	Proceeds from the sale of controlled entities and businesses	-	32.0
7.15	Proceeds from sale of discontinued operations	-	15.9
7.16	Net investing cash flows	(288.5)	(132.2)
	Cash flows related to financing activities		
7.17	Dividends paid	(28.8)	(33.8)
7.18	Proceeds from employee share plan loans	0.1	0.1
7.19	Proceeds on issue of step-up preference securities	-	285.0
7.20	Issue costs of step-up preference securities	0.1	(8.6)
7.21	Step up preference securities distributions paid	(33.3)	-
7.22	Proceeds from options exercised	-	0.8
7.23	Proceeds from borrowings	1,387.6	1,431.6
7.24	Repayment of borrowings	(1,337.4)	(1,666.8)
7.25	Principal lease repayments	(0.2)	(0.2)
7.26	Borrowing costs paid	(1.6)	-
7.27	Net financing cash flows	(13.5)	8.1
7.28	Net (decrease)/increase in cash held	(189.0)	18.8
7.29	Cash and cash equivalents at beginning of period (see Reconciliation of cash)	448.8	453.9
7.30	Effect of exchange rate changes on cash	(19.1)	(23.9)
7.31	Cash and cash equivalents at end of period (see Reconciliation of cash)	240.7	448.8

<sup>+</sup> 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	240.7	448.8
8.2	Bank overdraft	-	-
8.3	Total cash at end of period (item 7.31)	240.7	448.8

# 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)	1.3%	1.5%
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 4.31)	4.4%	4.9%

<sup>+</sup> See chapter 19 for defined terms.

# 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.

# **JUNE 2008**

		Continuing	Discontinued	Total
10.1	Profit for the period	72.3	-	72.3
10.2	Less attributable to holders of PaperlinX step-up preference securities	(26.7)	-	(26.7)
10.3	Less profit for the period attributable to minority interest	(0.1)	-	(0.1)
10.4	Profit for the period attributable to holders of ordinary shares of PaperlinX Limited	45.5	-	45.5
10.5	Weighted average number of shares – basic (millions)	450.8	-	450.8
10.6	Basic EPS (cents)	10.1	-	10.1
10.7	Weighted average number of shares – diluted (millions)	460.2	-	460.2
10.8	Diluted EPS (cents)	9.9	-	9.9

# **JUNE 2007**

		Continuing	Discontinued	Total
10.9 10.10	Profit for the period Less attributable to holders of	79.6	0.6	80.2
10.10	PaperlinX step-up preference securities	(6.6)	-	(6.6)
10.11	Less profit for the period attributable to minority interest	(0.1)	-	(0.1)
10.12	Profit for the period attributable to holders of ordinary shares of PaperlinX Limited	72.9	0.6	73.5
10.13	Weighted average number of shares – basic (millions)	447.6	447.6	447.6
10.14	Basic EPS (cents)	16.3	0.1	16.4
10.15	Weighted average number of shares – diluted (millions)	451.9	451.9	451.9
10.16	Diluted EPS (cents)	16.2	0.1	16.3

<sup>+</sup> See chapter 19 for defined terms.

Previous

Current period

				•	corresponding Period
11.1	Net tangible asset backing per security	+ordinary		\$2.59	\$2.58
(Entitica	ontinuing Operations es must report a description of any dance with paragraph 7.5 (g) of AA tions they have disclosed in their ac 17).)	SB 1029: Inte	erim Financial	Reporting, or	r, the details of discontinu
12.1	Discontinuing Operations				
		N/A			
Cont	rol gained over entities havi	ng materia	l effect		
3.1	Name of entity (or group of entities)	NIL			
3.2	Consolidated profit (loss) and extraordinary items after tax of the subsidiaries since the date in the current period on which control was *acquired*		ems after irrent	N/A	
3.3	Date from which such profit has been calculated		ted	N/A	
3.4	Profit (loss) and extraordinary items after tax of the subsidiaries for the whole of the previous corresponding period		of the	N/A	
.oss	of control of entities having	ı material e	ffect		
4.1	Name of entity (or group of entities)	NIL			
4.2	Consolidated profit (loss) and ex tax of the subsidiaries for the cur of loss of control				N/A
4.3	Date to which the profit (loss) in calculated	n item 14.2 has been			N/A
4.4	Consolidated profit (loss) and extraordinary items after tax of the subsidiaries while controlled during the whole of the previous corresponding period				N/A
4.5			ng to loss		N/A

of control

NTA backing

<sup>+</sup> See chapter 19 for defined terms.

# Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

15 October 2008

+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 +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)

19 September 2008

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

Yes	
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### Amount per security

		Amount per security	Franked amount per security at applicable tax	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	3.5¢	Nil	100%
15.5	Previous year (30% tax rate)	6.0¢	Nil	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	N/A

# Total dividend (distribution) per security (interim *plus* final) (Preliminary final report only)

(Freinfilliary linar report offly)

15.8 +Ordinary securities

15.9 Preference +securities

Current year	Previous year
6.5¢	11.0¢
\$9.3661	\$2.3033

# 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	
Not provided	Not provided	
for at 30 June 2008	for at 30 June 2007	
-	-	
-	-	

<sup>+</sup> See chapter 19 for defined terms.

The *dividend or distribution plans shown below are in o	peration.	
Dividend Reinvestment	Plan ('DRP')	
The last date(s) for receipt of election notices for the	19 September 2008	
<sup>+</sup> dividend or distribution plans	•	
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

<sup>+</sup> 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)	
17.1 Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period A\$M	Previous corresponding period – A\$M
NIL				
17.2 Total	-	-	-	-
Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to ne	t profit (loss)
	Current period	Previous corresponding period	Current period A\$M	Previous corresponding period – A\$M
17.3 Other material interests				
NIL				
17.4 Total		_	_	_

<sup>+</sup> See chapter 19 for defined terms.

**Issued and quoted securities at end of current period**(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Categ	ory of <sup>+</sup> securities	Total number	Number quoted	Issue price per security (\$'s)	Amount paid up per security (\$'s)
18.1	Preference +securities (description)	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
	<ul><li>(b) Decreases through returns of capital, buybacks, redemptions</li></ul>	N/A	N/A	N/A	N/A
18.3	+Ordinary securities	453,094,354			
18.4	Changes during current period (a) Increases through Employee Share Plan Issues				
	<ul> <li>Exercise of Options</li> </ul>	-	-	-	-
	(b) Increase through long term incentive plan	-	-	-	-
	(c) Decreases through returns of capital, buybacks	-	-	-	-
	<ul><li>(d) Issued pursuant to</li><li>Dividend Reinvestment</li><li>Plan</li></ul>				
	<ul> <li>Final 2007 dividend</li> </ul>	1,910,956	1,910,956	\$3.34	\$3.34
	<ul> <li>Interim 2008 dividend</li> </ul>	2,445,838	2,445,838	\$2.13	\$2.13
18.5	+Convertible debt securities (description and conversion factor)	N/A	N/A	N/A	N/A
18.6	Changes during current period				
	(a) Increases through Employee Share Plan	N/A	N/A	N/A	N/A
	Issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A

<sup>+</sup> See chapter 19 for defined terms.

		,			
		Total number	Number quoted	Exercise price	Expiry Date (if any)
18.7	<b>Options</b> (description and conversion factor)	5,204,930	Nil		N/A
18.8	Issued during current				
	period	50,000	Nil	Nil	N/A
		958,110	Nil	\$3.80	N/A
		649,120	Nil	\$3.80	N/A
		1,657,230			
18.9	Exercised during current period	_	_	_	_
18.10	Expired during current period	806,620	N/A		
18.11	Debentures (description)				
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 (description)				
18.14	Changes during current period				
	(a) Increases through issues	N/A	N/A		
	(b) Decreases through securities matured, converted	N/A	N/A		

<sup>+</sup> 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.

<sup>+</sup> See chapter 19 for defined terms.

		CONSOLI	DATED	
	SEGMENT RESULT (3)	SEGMENT REVENUE	SEGMENT ASSETS	SEGMENT LIABILITIES
	\$M	\$M	\$M	\$M
For the year ended 30 June 2008				
<b>BUSINESS SEGMENTS</b>				
• Europe	139.0	4,573.1	2,019.5	812.8
North America	32.4	1,275.0	457.5	163.7
Australia, New Zealand, Asia	21.0	1,005.0	444.0	136.1
Inter-segment sales (2)	-	(37.6)		
	192.4	6,815.5	2,921.0	1,112.6
Paper Manufacturing	(1.9)	973.0	1,353.7	242.0
Corporate	(30.1)		35.3	30.6
Profit before net interest and tax	160.4			
Net interest (1)	(60.0)			
Profit before tax	100.4			
Tax expense (1)	(28.1)			
Profit for the period	72.3			
Unallocated assets (deferred tax balances)			67.7	
Unallocated liabilities				1,067.9
Inter-segment sales (2)		(303.4)		
Total	72.3	7,485.1	4,377.7	2,453.1

<sup>+</sup> See chapter 19 for defined terms.

# **CONSOLIDATED**

		33.1332.	-,	
	SEGMENT RESULT (3)	SEGMENT REVENUE	SEGMENT ASSETS	SEGMENT LIABILITIES
	\$M	\$M	\$M	\$M
For the year ended 30 June 2007				
Business segments				
Paper Merchanting				
• Europe	139.9	4,780.2	2,148.1	814.1
North America	50.3	1,355.1	502.0	181.2
<ul> <li>Australia, New Zealand, Asia</li> </ul>	13.8	1,033.3	461.9	162.9
<ul> <li>Inter-segment sales (2)</li> </ul>		(34.4)		
	204.0	7,134.2	3,112.0	1,158.2
Discontinued Operations	1.2	25.2		
	205.2	7,159.4	3,112.0	1,158.2
Paper Manufacturing	10.2	1,016.3	1,148.7	229.1
Corporate	(29.9)	-	128.8	35.4
Profit before net interest and tax	185.5			
Net interest (1)	(70.9)			
Profit before tax	114.6			
Tax expense (1)	(34.4)			
Profit for the period	80.2			
Inter-segment sales (2)		(336.4)		
Unallocated assets (deferred tax balances)			52.9	
Unallocated liabilities (6)				1,114.6
Total	80.2	7,839.3	4,442.4	2,537.3

<sup>+</sup> See chapter 19 for defined terms.

	DEPRECIATION & AMORTISATION \$M	CONSOLIDATED  NON CASH  ITEMS  (4)  \$M	CAPITAL EXPENDITURE (5) \$M
For the year ended 30 June 2008			
Business segments			
Paper Merchanting			
• Europe	24.1	(40.6)	57.0
North America	5.4	3.4	14.1
Australia, New Zealand, Asia	3.0	2.5	4.4
	32.5	(34.7)	75.5
Paper Manufacturing	49.2	6.9	279.9
Corporate	12.2	11.8	0.9
Total	93.9	(16.0)	356.3
	DEPRECIATION & AMORTISATION \$M	CONSOLIDATED  NON CASH  ITEMS  (4)  \$M	CAPITAL EXPENDITURE (5) \$M
For the year ended 30 June 2007	& AMORTISATION \$M	NON CASH ITEMS (4)	EXPENDITURE (5)
For the year ended 30 June 2007  Business segments	& AMORTISATION \$M	NON CASH ITEMS (4)	EXPENDITURE (5)
Business segments	& AMORTISATION \$M	NON CASH ITEMS (4)	EXPENDITURE (5)
Business segments  Paper Merchanting	& AMORTISATION \$M	NON CASH ITEMS (4) \$M	EXPENDITURE (5)
Business segments	& AMORTISATION \$M	NON CASH ITEMS (4)	EXPENDITURE (5) \$M
Business segments  Paper Merchanting  • Europe	& AMORTISATION \$M	NON CASH ITEMS (4) \$M	EXPENDITURE (5) \$M
<ul><li>Business segments</li><li>Paper Merchanting</li><li>Europe</li><li>North America</li></ul>	& AMORTISATION \$M	NON CASH ITEMS (4) \$M (14.4) 2.8	(5) \$M 46.3 9.3
<ul><li>Business segments</li><li>Paper Merchanting</li><li>Europe</li><li>North America</li></ul>	& AMORTISATION \$M \$28.8 5.1 3.2	NON CASH ITEMS (4) \$M (14.4) 2.8 4.2	EXPENDITURE (5) \$M 46.3 9.3 1.7
<ul><li>Business segments</li><li>Paper Merchanting</li><li>Europe</li><li>North America</li></ul>	& AMORTISATION \$M \$28.8 5.1 3.2	NON CASH ITEMS (4) \$M (14.4) 2.8 4.2	EXPENDITURE (5) \$M 46.3 9.3 1.7
Business segments  Paper Merchanting  Europe  North America  Australia, New Zealand, Asia	& AMORTISATION \$M 28.8 5.1 3.2 37.1	NON CASH ITEMS (4) \$M  (14.4) 2.8 4.2 (7.4)	### ### ### ### ######################

<sup>+</sup> See chapter 19 for defined terms.

### **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 income tax.
- (4) The non-cash items above comprise the following items:

	2008 \$M	2007 \$M
Provisions charged	22.1	20.1
<ul> <li>Net profit on disposal of property, plant and equipment</li> </ul>	(38.0)	(8.1)
<ul> <li>Impact of unrealised (profit) / loss in inventories - refer Statements of Cash Flows</li> </ul>	(0.1)	(1.2)
	(16.0)	10.8
(5) Capital Expenditure above comprises the following items:		
<ul> <li>Acquisition of property, plant and equipment and intangibles - refer Statements of Cash Flows</li> </ul>	326.0	177.4
Capitalised interest	18.8	4.2
Movement in accruals	(6.7)	25.1
	338.1	206.7
<ul> <li>Goodwill in relation to acquisitions of subsidiaries</li> </ul>	7.6	14.4
<ul> <li>Other intangibles acquired on acquisition of subsidiaries</li> </ul>	2.8	0.2
<ul> <li>Property, plant and equipment acquired on acquisition of subsidiaries</li> </ul>	7.8	4.4
	356.3	225.7
(6) The unallocated segment liabilities comprise the following	g items:	
Current loans and borrowings	293.1	494.9
Current tax liabilities	0.4	5.1
<ul> <li>Non-current loans and borrowings</li> </ul>	723.6	565.7
<ul> <li>Non-current deferred tax liabilities</li> </ul>	50.8	48.9
	1,067.9	1,114.6

<sup>+</sup> See chapter 19 for defined terms.

### **Comments by directors**

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

### Basis of financial report preparation

19.1	Not applicable	(Interim	report	only)
19.1	NOL applicable	(IIIILEIIIII	TEDUIL	OHIV

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 15 October 2008 – 3.5 cents per share on fully paid shares. This dividend has not been provided for in the accounts as at 30 June 2008.

The balance of the consolidated franking account as at 30 June 2008 was \$Nil million (2007: \$Nil million).

It is expected that any interim dividend in respect of the half year ending 31 December 2008 will be unfranked.

<sup>+</sup> See chapter 19 for defined terms.

# **Preliminary Final Report**

19.5	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 report the nature and amount of revisions in estimates of amounts reported in previous +annuareports 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 <sup>+</sup> annual report.								
	Not applicable								

<sup>+</sup> See chapter 19 for defined terms.

### Additional disclosure for trusts

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

Not applicable

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

Not applicable

# Identify:

- initial service charges
- management fees
- other fees

# **Annual meeting**

(Preliminary final report only)

The annual meeting will be held as follows:

Melbourne Exhibition Centre Place

2 Clarendon Street

Southbank, Victoria

Date Friday, 24 October 2008

Time 11:00AM

Approximate date the \*annual report will be available

22 September 2008

<sup>+</sup> See chapter 19 for defined terms.

# **Compliance statement**

1	This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).													
	Identify other standards used						Not applicable							
2		report, and the accounts upon which the report is based (if separate), use the same unting policies.												
3	This report does give a true and fair view of the matters disclosed (see note 2).													
4	This report is based on <sup>+</sup> accounts to which one of the following applies. ( <i>Tick one</i> )													
	( <i>11</i> 0 <i>k</i> ✓		The audite	†accounts ed.	have	e been				<sup>+</sup> account ct to revie		bee	en	
		]	proces	†accounts ss of being ct to review	g aud					†accounts audited or			et	
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 ent	ity has	s a forr	mally consti	tuted	audit co	mm	ittee.						
Sign here:		(Com	pany S	Secretary)				Date:	20 Au	gust 2008				
Print name:		Jame	es Orr											

<sup>+</sup> See chapter 19 for defined terms.