

Appendix 4D

Half Year Report

Introduced 30/6/2002.

Name of entity

PAPERLINX LIMITED

ABN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
70 005 146 350	<input checked="" type="checkbox"/>	<input type="checkbox"/>	31 DECEMBER 2003

Results for announcement to the market

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

A\$M

Revenues from sales	up	28%	to	2,381.5
Revenues from ordinary activities (item 1.1)	up	27%	to	2,389.9
Profit (loss) from ordinary activities after tax attributable to members (item 1.22)	down	26%	to	53.0
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))	gain (loss) of	-		-
Net profit (loss) for the period attributable to members (item 1.11)	down	26%	to	53.0
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (Preliminary final report only - item 15.4)		N/A		N/A
Interim dividend (Half yearly report only - item 15.6)		13.5¢		Nil
This dividend was declared at the date of this report. This dividend has not been provided for in the accounts as at 31 December 2003.				
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)		13.5¢		9.5¢
†Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		18 March 2004		
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market: Refer attached news release.				

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

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

	Current period – A\$M	Previous corresponding period - A\$M
1.1 Revenues from ordinary activities (see items 1.23 -1.25)	2,389.9	1,877.4
1.2 Expenses from ordinary activities (see items 1.26 & 1.27)	(2,301.3)	(1,752.0)
1.3 Borrowing costs	(17.4)	(23.0)
1.4 Share of net profits (losses) of associates and joint venture entities (see item 16.7)	-	-
1.5 Profit (loss) from ordinary activities before tax	71.2	102.4
1.6 Income tax on ordinary activities (see note 4)	(18.2)	(30.9)
1.7 Profit (loss) from ordinary activities after tax	53.0	71.5
1.8 Profit (loss) from extraordinary items after tax (see item 2.5)	-	-
1.9 Net profit (loss)	53.0	71.5
1.10 Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	53.0	71.5
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	(30.0)	20.0
1.14 Adjustments on initial adoption of Accounting Standards:		
• Revised AASB 1028 “Employee Benefits”	-	(1.0)
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	(30.0)	19.0
1.17 Total changes in equity not resulting from transactions with owners as owners	23.0	90.5

+ See chapter 19 for defined terms.

Earnings per security (EPS)	Current period	Previous corresponding period
1.18 Basic EPS	12.2	20.0
1.19 Diluted EPS	12.2	19.9

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period A\$M	Previous corresponding period – A\$M
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	53.0	71.5
1.21 Less (plus) outside ⁺ equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	53.0	71.5

Revenue and expenses from ordinary activities

(see note 15)

	Current period A\$M	Previous corresponding period – A\$M
1.23 Revenue from sales or services	Refer Below	Refer Below
1.24 Interest revenue	Refer Below	Refer Below
1.25 Other relevant revenue	Refer Below	Refer Below
1.26 Details of relevant expenses	Refer Below	Refer Below
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	(40.7)	(33.0)
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-
Borrowing costs		
1.30 Interest expense	(16.3)	(21.8)
1.31 Other borrowing costs	(1.1)	(1.2)
1.32 Borrowing costs	(17.4)	(23.0)

+ See chapter 19 for defined terms.

		CONSOLIDATED	
		Current Period	Previous Corresponding Period
		A\$m	A\$m
1.23 – 1.26	REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES		
1.23	Revenue from operating activities		
	Sales of goods	2,381.5	1,866.7
	Rendering of services:		
	• Commissions	6.1	5.2
	Sub-total – Revenue from Operating Activities	2,387.6	1,871.9
1.24 & 1.25	Revenue from outside operating activities		
	Insurance proceeds	-	3.6
	Rent received	0.7	0.4
	Other Sundry Revenues	0.3	-
		1.0	4.0
	Interest received:		
	• Other	1.2	1.1
	Proceeds on disposal of		
	• Non-current assets	0.1	0.4
		1.3	1.5
	Sub-total – Revenue from outside operating activities	2.3	5.5
	<u>TOTAL REVENUE FROM ORDINARY ACTIVITIES</u>	2,389.9	1,877.4

+ See chapter 19 for defined terms.

		CONSOLIDATED	
		Current Period	Previous Corresponding Period (2)
		A\$m	A\$m
1.26	<u>EXPENSES FROM ORDINARY ACTIVITIES</u>		
	Cost of Sales	(1,910.2)	(1,469.1)
	Distribution and Warehousing Expenses	(146.1)	(115.3)
	Sales and Marketing expenses	(101.8)	(76.8)
	General and Administration expenses (1)	(142.0)	(90.0)
	Research and Development expenses	(1.2)	(0.8)
	<u>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</u>	(2,301.3)	(1,752.0)

- (1) Included in general and administration expenses is the book value of non-current assets disposed of and the book value of business and controlled entities disposed of \$0.1 million (2002 \$0.4 million).
- (2) The prior period has been amended to correct the allocation of costs between categories.

Consolidated retained profits

	Current period – A\$M	Previous corresponding period – A\$M
1.30 Retained profits (accumulated losses) at the beginning of the financial period	142.2	59.6
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	53.0	71.5
1.32 Net transfers from (to) reserves (<i>details if material</i>)	(0.1)	-
1.33 Net effect of changes in accounting policies:		
• Revised AASB 1028 “Employee Benefits”	-	(1.0)
• AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets”	-	45.2
1.34 Dividends provided	-	-
1.35 Dividends paid	(62.3)	(45.2)
1.35 Retained profits (accumulated losses) at end of financial period	132.8	130.1

+ See chapter 19 for defined terms.

Intangible and extraordinary items

		<i>Consolidated – current period</i>			
		Before tax A\$M (a)	Related tax A\$M (b)	Related outside + equity interests A\$M (c)	Amount (after tax) attributable to members A\$M (d)
2.1	Amortisation of goodwill	8.1	-	-	8.1
2.2	Amortisation of other intangibles	-	-	-	-
2.3	Total amortisation of intangibles	8.1	-	-	8.1
2.4	Extraordinary items (details)	-	-	-	-
2.5	Total extraordinary items	-	-	-	-

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

		Current year – A\$M	Previous year – A\$M
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	N/A	N/A
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	N/A	N/A

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		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 assets	275.2	452.0	183.4
4.2	Receivables	1,657.1	626.6	685.2
4.3	Investments	-	-	-
4.4	Inventories	864.4	528.3	570.2
4.5	Current tax assets	-	-	-
4.6	Other	-	-	-
4.7	Total current assets	2,796.7	1,606.9	1,438.8
Non-current assets				
4.8	Receivables	10.5	2.4	4.9
4.9	Investments (equity accounted)	-	-	-
4.10	Other financial assets	14.3	2.0	1.5
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.13	Development properties	-	-	-
4.14	Other property, plant and equipment (net)	1,349.8	1,079.5	1,093.6
4.15	Intangible assets (net)	333.2	247.8	282.0
4.16	Deferred tax assets	40.0	40.2	37.0
4.17	Other	-	-	-
4.18	Total non-current assets	1,747.8	1,371.9	1,419.0
4.19	Total assets	4,544.5	2,978.8	2,857.8
Current liabilities				
4.20	Payables	1,051.4	462.0	510.4
4.21	Interest bearing liabilities	57.0	43.3	50.6
4.22	Current tax liabilities	7.7	12.1	11.7
4.23	Provisions exc. tax liabilities	96.1	49.2	53.8
4.24	Other	-	-	-
4.25	Total current liabilities	1,212.2	566.6	626.5
Non-current liabilities				
4.26	Payables	15.3	20.6	24.1
4.27	Interest bearing liabilities	1,348.8	553.1	550.7
4.28	Deferred tax liabilities	168.0	154.5	141.8
4.29	Provisions exc. tax liabilities	38.4	37.8	39.5
4.30	Other	-	-	-
4.31	Total non-current liabilities	1,570.5	766.0	756.1
4.32	Total liabilities	2,782.7	1,332.6	1,382.6
4.33	Net assets	1,761.8	1,646.2	1,475.2

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position (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				
4.34	Capital/contributed equity	1,694.3	1,541.3	1,312.7
4.35	Reserves	(67.3)	(37.4)	32.3
4.36	Retained profits (accumulated losses)	132.8	142.2	130.1
4.37	Equity attributable to members of the parent entity	1,759.8	1,646.1	1,475.1
4.38	Outside ⁺ equity interests in controlled entities	2.0	0.1	0.1
4.39	Total equity	1,761.8	1,646.2	1,475.2
4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

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	-
5.2	Expenditure incurred during current period	N/A	-
5.3	Expenditure written off during current period	N/A	-
5.4	Acquisitions, disposals, revaluation increments, etc.	N/A	-
5.5	Expenditure transferred to Development Properties	N/A	-
5.6	Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A	-

+ See chapter 19 for defined terms.

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	-
6.2 Expenditure incurred during current period	N/A	-
6.3 Expenditure transferred from exploration and evaluation	N/A	-
6.4 Expenditure written off during current period	N/A	-
6.5 Acquisitions, disposals, revaluation increments, etc.	N/A	-
6.6 Expenditure transferred to mine properties	N/A	-
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)	N/A	-

+ See chapter 19 for defined terms.

Condensed consolidated statement of cash flows

	Current period A\$M	Previous corresponding period – A\$M
Cash flows related to operating activities		
7.1 Receipts from customers	2,376.0	1,897.6
7.2 Payments to suppliers and employees	(2,244.9)	(1,732.6)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	1.2	1.1
7.6 Interest and other costs of finance paid	(16.0)	(24.4)
7.7 Income taxes paid	(19.2)	(24.3)
7.8 Other (provide details if material)	7.1	9.2
7.9 Net operating cash flows	104.2	126.6
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(24.2)	(31.2)
7.11 Proceeds from sale of property, plant and equipment	0.2	1.8
7.12 Payment for purchases of controlled entities and assets	(1,136.8)	(324.4)
7.13 Proceeds from sale of controlled entities and assets	-	-
7.14 Loans to other entities	-	-
7.15 Loans (advanced to)/repaid by other entities	(3.6)	0.9
7.16 Other (provide details if material)	-	-
7.17 Net investing cash flows	(1,164.4)	(352.9)
Cash flows related to financing activities		
7.18 (1) Proceeds from issues of shares	150.8	175.0
7.18 (2) Share issue expenses	(2.0)	(2.2)
7.18 (3) Payment for shares bought back	-	(1.0)
7.19 Proceeds from borrowings	1,059.9	491.7
7.20 Repayment of borrowings	(259.4)	(328.9)
7.21 Dividends paid	(62.2)	(45.0)
7.22 (1) Other - Loans (repaid to)/received from other persons	(0.6)	(0.3)
7.22 (2) Other – Principal lease repayments	(0.1)	(0.1)
7.23 Net financing cash flows	886.4	289.2
7.24 Net increase (decrease) in cash held	(173.8)	62.9
7.25 Cash at beginning of period (see <i>Reconciliation of cash</i>)	452.0	107.8
7.26 Exchange rate adjustments to item 7.25.	(6.7)	12.2
7.27 Cash at end of period (see <i>Reconciliation of cash</i>)	271.5	182.9

+ 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.*)

NIL

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	212.8	124.5
8.2 Deposits at call	62.4	58.9
8.3 Bank overdraft	(3.7)	(0.5)
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	271.5	182.9

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	3.0%	5.5%
9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	3.0%	4.8%

+ See chapter 19 for defined terms.

Earnings per security (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.

	Current period	Previous corresponding Period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
a) Basic EPS	12.2¢	20.0¢
b) Diluted EPS (if materially different from the Basic EPS)	12.2¢	19.9¢
c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS - million	433.8	356.9
d) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Diluted EPS - million	436.2	359.5

NTA backing

	Current period	Previous corresponding Period
11.1 Net tangible asset backing per +ordinary security	\$3.11	\$3.22

+ See chapter 19 for defined terms.

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	PAPERLINX EUROPE (formerly the Paper Merchanding Division of Buhrmann NV Group)
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	A\$M 7.7
13.3 Date from which such profit has been calculated	1 November, 2003
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	NIL
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
14.3 Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

+ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

7 April 2004

15.2 ⁺Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺securities are not ⁺CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHES approved)

18 March 2004

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

N/A

Amount per security

		Amount per security	Franked amount per security at applicable tax (see note 4)	Amount per security of foreign source dividend
15.4	(Preliminary final report only) Final dividend: Current year (30% tax rate)	N/A	N/A	N/A
15.5	Previous year (30% tax rate)	N/A	N/A	N/A
15.6	(Half yearly and preliminary final reports) Interim dividend: Current year (30% tax rate) - not provided for at 31 December 2003.	13.5¢	Nil	N/A
15.7	Previous year (30% tax rate)	13.5¢	9.5¢	N/A

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

(Preliminary final report only)

	Current year	Previous year
15.8 ⁺ Ordinary securities	N/A	N/A
15.9 Preference ⁺ securities	N/A	N/A

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

	Current period A\$M	Previous corresponding Period – A\$M
15.10 ⁺ Ordinary securities (each class separately) Preference ⁺ securities (each class separately)	Not provided for at	Not provided for at
15.12 Other equity instruments (each class separately) Refer 15.6 above	31 December 2003	31 December 2002
15.13 Total	-	-

+ See chapter 19 for defined terms.

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

N/A

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

N/A

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

⁺ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period A\$M	Previous corresponding period – A\$M
17.1 Equity accounted associates and joint venture entities				
NIL				
17.2 Total	-	-	-	-
Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period A\$M	Previous corresponding period – A\$M
17.3 Other material interests				
NIL				
17.4 Total	-	-	-	-

+ See chapter 19 for defined terms.

Half Year Report

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺securities (description)	N/A	N/A	N/A	N/A
18.2 Changes during current period				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through returns of capital, buybacks, redemptions	N/A	N/A	N/A	N/A
18.3 ⁺Ordinary securities	445,996,609			
18.4 Changes during current period				
(a) Increases through Employee Share Plan Issues	690,560	690,560	\$3.32	\$3.32
– Exercise of Options	135,000	135,000	\$3.13	\$3.13
– Exercise of Options	12,500	27,500	\$3.32	\$3.32
– Exercise of options	30,000	15,000	\$3.50	\$3.50
– Exercise of options	18,700	18,700	\$4.12	\$4.12
– Exercise of options	150,000	150,000	\$4.18	\$4.18
(b) Increase through long term incentive plan	85,831	85,831	-	-
(c) Share Purchase Plan issue of shares as part of funding the acquisition of PaperlinX Europe (formerly the Paper Merchating Division of Buhrmann NV Group)	33,510,860	33,510,860	\$4.46	\$4.46
(d) Decreases through returns of capital, buybacks	-	-	-	-
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 Issues	N/A	N/A	N/A	N/A
(b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

	Total number	Number quoted	Exercise price	Expiry Date (if any)
18.7 Options (<i>description and conversion factor</i>)	2,315,400	Nil	Various	N/A
18.8 Issued during current period	150,000	Nil	\$4.64	N/A
18.9 Exercised during current period	135,000	Nil	\$3.13	N/A
	12,500	Nil	\$3.32	N/A
	30,000	Nil	\$3.50	N/A
	18,700	Nil	\$4.12	N/A
	150,000	Nil	\$4.18	N/A
18.10 Expired during current period	11,000	N/A		
18.11 Debentures (<i>description</i>)				
18.12 Changes during current period				
(a) Increases through issues	N/A	N/A		
(b) Decreases through securities matured, converted	N/A	N/A		
18.13 Unsecured notes (<i>description</i>)				
18.14 Changes during current period				
(a) Increases through issues	N/A	N/A		
(b) Decreases through securities matured, converted	N/A	N/A		

+ See chapter 19 for defined terms.

Segment Reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: 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.)

Business Segments

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

Segment	Description of Operations
Merchanting and Paper Trading	International paper merchant and paper trader supplying the printing and publishing industry and office supplies.
Communication Papers	Manufacture of office papers, graphic papers, converting papers and other speciality and coated papers.
Packaging Papers	Manufacture of high performance packaging papers and industrial papers. Products include kraft liners, sack, kraft and light weight bag and industrial papers, sold predominantly to converting customers.
Corporate and Other	Includes businesses divested, stationery, and corporate costs. The proceeds received in relation to businesses divested are disclosed as unallocated revenue.

⁺ See chapter 19 for defined terms.

Segment Reporting (cont'd)

	SEGMENT RESULT (3)	SEGMENT SALES	CONSOLIDATED		SEGMENT ASSETS
			SEGMENT OTHER REVENUE (4)	TOTAL SEGMENT REVENUE	
	\$m	\$m	\$m	\$m	\$m
<u>SEGMENT REPORTING</u>					
For the period ended 31 December 2003					
<u>BUSINESS SEGMENTS</u>					
Merchanting & Paper Trading	52.2	2,088.6	4.3	2,092.9	3,145.0
Communication Papers	33.9	366.9	1.7	368.6	900.4
Packaging Papers	12.7	124.7	-	124.7	283.8
Corporate and Other	(12.5)	55.0	1.1	56.1	175.3
Profit before net interest and income tax	86.3				
Net interest (1)	(15.1)				
Profit before income tax	71.2				
Income Tax Expense (1)	(18.2)				
Inter-segment sales (2)		(253.7)		(253.7)	
Unallocated revenue (4)			1.3	1.3	
Unallocated assets (deferred tax assets)					40.0
	53.0	2,381.5	8.4	2,389.9	4,544.5

+ See chapter 19 for defined terms.

Segment Reporting (cont'd)

	SEGMENT RESULT (3)	SEGMENT SALES	CONSOLIDATED		SEGMENT ASSETS
	\$m	\$m	SEGMENT OTHER REVENUE (4) \$m	TOTAL SEGMENT REVENUE \$m	\$m
<u>SEGMENT REPORTING</u>					
For the period ended 31 December 2002					
<u>BUSINESS SEGMENTS</u>					
Merchanting & Paper Trading	47.1	1,551.1	5.2	1,556.3	1,486.7
Communication Papers	60.0	403.9	-	403.9	886.2
Packaging Papers	22.7	135.5	0.9	136.4	295.1
Corporate and Other	(6.7)	56.7	3.1	59.8	152.8
	<hr/>				
Profit before net interest and income tax	123.1				
Net interest (1)	(20.7)				
	<hr/>				
Profit before income tax	102.4				
Income tax expense (1)	(30.9)				
Inter-segment sales (2)		(280.5)		(280.5)	
Unallocated revenue (4)			1.5	1.5	
Unallocated assets (deferred tax assets)					37.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	71.5	1,866.7	10.7	1,877.4	2,857.8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

+ 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) Profit before net interest and income tax.

	2003 <u>\$m</u>	2002 <u>\$m</u>
(4) Segment other revenue allocated comprises:		
Rendering of services – commission	6.1	5.2
Other revenue from outside operating activities	1.0	4.0
	7.1	9.2
Segment other revenue unallocated comprises:		
Other revenue from outside operating activities	1.3	1.5
	8.4	10.7

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 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. **It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period.** The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]*

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

+ See chapter 19 for defined terms.

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

The balance of the franking account of PaperlinX Limited as at 31 December 2003 was negative \$6.6 million (2002 \$4.8 million).

The balance of the consolidated franking account as at 31 December 2003 was negative \$0.2 million (2002 \$9.4 million). After taking into account the estimated tax payable as at 31 December 2003 and the payment of dividend provided for at that date, where applicable, the balance of the consolidated franking account is estimated to be negative \$2.0 million (2002 \$13.8 million).

The balance of the franking accounts, as referred to above, is stated at a 30% tax rate.

PaperlinX Limited has declared an unfranked dividend, at the date of this report, on ordinary shares payable 7 April 2004 – 13.5 cents per share. This dividend has not been provided for in the accounts as at 31 December 2003.

It is unlikely that the final dividend in respect of the year ending 30 June 2004 will be franked.

- 19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Not Applicable

- 19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Not applicable

+ See chapter 19 for defined terms.

- 19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last ⁺ annual report.

The major decrease in contingent liabilities since the last annual report relates to a bank guarantee for GBP 10.0 million issued in relation to the purchase of The Paper Company Ltd (formerly Bunzl Fine Paper Ltd). The guarantee expired on 1 July 2003, after the required cash settlement was made.

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

Not applicable

Identify:

- initial service charges
- management fees
- other fees

⁺ See chapter 19 for defined terms.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Not applicable

Date

Not applicable

Time

Not applicable

Approximate date the ⁺annual report will be available

Not applicable

Compliance statement

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

Identify other standards used

Not applicable

- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on ⁺accounts to which one of the following applies.
(Tick one)

The ⁺accounts have been audited.

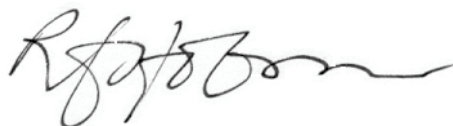
The ⁺accounts have been subject to review.

The ⁺accounts are in the process of being audited or subject to review.

The ⁺accounts have *not* yet been audited or reviewed.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)

- 6 The entity has a formally constituted audit committee.



Sign here:
(Company Secretary)

Date: 26 February 2004

Print name: Richard Hobson

+ See chapter 19 for defined terms.