

**PRESS RELEASE**

28 April, 2005

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**PROFIT GUIDANCE UPDATE**

PaperlinX today announced a downward revision to the profit guidance provided with the half year results announcement in February, indicating that full year profit after tax (excluding the benefit of Australian Tax Consolidation) for its 2005 financial year, is now forecast to be materially below the prior year for both Australian Paper and for PaperlinX as a whole. Profit after tax (excluding Australian Tax Consolidation) is now forecast to be around 20% lower than the net profit achieved in 2004.

Commenting on the change in guidance, Tom Park, CEO of PaperlinX said, "Having just completed our March results and revised forecast, it has become apparent that the assumptions we used in our February guidance are not likely to hold in the fourth quarter. This is disappointing following the positive strategic and executional gains that are being realised across our global business."

"The key areas of variance from PaperlinX's previous guidance include:

- The A\$/US\$ exchange rate is exceeding our previous assumptions and is forecast to continue to do so for the remainder of the financial year. This results in pressure on Australian paper selling prices, reduced export earnings and lower translation of overseas earnings. On a comparative basis, we now see the exchange rate finishing the year consistent with the current levels around 78¢, versus the 70¢ rate used in our previous forecast, which was projected by top Australian banks in the December/January period.
- Though we remain positive regarding European pricing, the impact of any paper selling price increases will be late in the quarter and, in the interim, we have actually seen price deterioration on most grades in the second half up to this point compared to the expectation of firming prices.
- Softer second half demand throughout major markets than previously forecast.

During the year we have absorbed restructuring and redundancy costs in a number of areas that will contribute positively in future years. At the same time, costs continue to run favourable to our earlier estimates and to prior year, partially mitigating the above impacts."

In the Open Briefing provided to the market in March it was stated that there was no update to profit guidance provided in the half year results announcement of February. At that time PaperlinX's March results were not available and a revised forecast had not been prepared based on these results and the changed forward assumptions.

Mr Park continued, "Our diversification into paper merchanting has provided positive balance to overall PaperlinX earnings, particularly in light of the reduction in Australian Paper earnings currently being experienced. Improved performance in Australian Paper in 2006 is expected to come from the completion of the semi-extensible sack kraft project, the full year impact of supply agreements and restructuring initiatives already implemented.

We have additionally achieved improved returns in our paper merchanting business despite the difficult market conditions faced over the past two years, and see clear opportunities for profit improvement in both our business streams in the 2006 financial year from the strategic decisions put in place this financial year."

In determining the level of the final dividend for 2005, the Board will take into account the benefit of Australian tax consolidation included in the first half result of the current financial year.

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.

## Participant Call-In Reference Guide

### “Welcome to the Paperlinx Conference Call”



### Question Queuing Conference

**DATE:** Thursday 28 April 2005

**START TIME:** 17:00 EST

**RESERVATION NUMBER:** 4878910

#### DIAL IN NUMBERS:

Australia	1800 064350
USA	1866 8301117
UK	0800 0324417
NZ	0800 441278
Singapore	800 6161919
Japan	0034 800 400541
Hong Kong	800 968665
International	+61 3 86604947
Metered	

**REMEMBER:** To participate in a ConferLink Question Queuing conference, you will need a touchtone phone.

- Approximately **10 minutes** before the scheduled time, please dial your Call-in number.
- You will be greeted by a conference administrator who will note your name and telephone number. You may be asked to test your telephone to ensure that you will be able to register questions. You will then be placed on hold music until the conference is due to commence.
- At the start of the conference your line will be taken off hold music and you will be placed in Listen only (mute) mode.
- If at any time during the conference you wish to ask a question or make a comment, press **(\*1)** to **register your question**. If you decide to **cancel your question** at any time press **(\*2)**. Your questions and the answers will be heard by all parties on the conference. When you have finished asking your questions and received answers you will be placed back in Listen only mode.
- If you are disconnected for any reason during the conference redial your Call-in number.
- At the end of the conference, the presenter will inform you that the conference has concluded.