

Appendix 4E

Preliminary Final Report

Introduced 1/1/2003

Name of entity

PAPERLINX LIMITED

ABN

70 005 146 350

Half yearly
(tick) Preliminary
final (tick)

✓

Half year/financial year ended ('current
period')

30 June 2007

Results for announcement to the market

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

A\$M

Revenue (item 1.1)	down	6.5%	to	7,817.3
Net profit (loss) for the period attributable to:				
Equity holders of PaperlinX Limited (item 1.13)	up	22.5%	to	80.1
Minority interest (item 1.14)				0.1
Profit for the period	up	22.6%	to	80.2
Dividends (distributions)		Amount per security	Franked amount per security	
Final dividend (Preliminary final report only - item 15.4) This dividend was declared at the date of this report. This dividend has not been provided for in the accounts as at 30 June 2007. Interim dividend (Half yearly report only - item 15.6)		6.0¢	Nil	
Previous corresponding period (Preliminary final report – item 15.5)		4.5¢	Nil	
†Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		5 September 2007		
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.

Preliminary Final Report

Condensed consolidated statement of financial performance

	Current period – A\$M	Previous corresponding period - A\$M
1.1 Revenue (<i>items 1.30 – 1.32</i>)	7,817.3	7,344.8
1.2 Other income (<i>items 1.33 – 1.37</i>)	15.3	30.5
1.3 Expenses (<i>items 1.40 – 1.46</i>)	(7,642.1)	(7,223.3)
1.4 Result from operating activities	190.5	152.0
1.5 Financial income (<i>items 1.50 – 1.52</i>)	6.3	7.3
1.6 Financial expenses (<i>items 1.53 – 1.57</i>)	(82.9)	(73.1)
1.7 Net financing cost	(76.6)	(65.8)
1.8 Profit before tax	113.9	86.2
1.9 Tax expense	(34.3)	(21.5)
1.10 Profit after tax but before profit from discontinuing operations	79.6	64.7
1.11 Profit from discontinued operations, net of tax	0.6	0.7
1.12 Profit for the period:	80.2	65.4
Profit for the period attributable to:		
1.13 Equity holders of PaperlinX Limited	80.1	65.4
1.14 Minority interest	0.1	-
	80.2	65.4

Earnings per security (EPS)	Current period	Previous corresponding period
1.20 Basic EPS (cents)	16.4	14.7
1.21 Basic EPS from continuing operations (cents)	16.3	14.5
1.22 Diluted EPS (cents)	16.3	14.5
1.23 Diluted EPS from continuing operations (cents)	16.2	14.3

+ See chapter 19 for defined terms.

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		Current Period – A\$M	Previous Corresponding Period A\$M
REVENUES AND EXPENSES			
Revenue			
1.30	Sales of goods	7,814.1	7,342.1
1.31	Commissions	3.2	2.7
1.32	Total Revenue	7,817.3	7,344.8

Other income			
1.33	Rent	2.5	2.6
1.34	Dividends	0.5	0.8
1.35	Net profit on disposal of non-current assets (1)	8.1	24.4
1.36	Other	4.2	2.7
1.37	Total other income	15.3	30.5

- (1) Included in the amount in the current year is \$Nil million (2006: \$16.3 million) in relation to profits arising on the disposal of properties under commercial sale and lease back arrangements. 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.

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	Current Period – A\$M	Previous Corresponding Period A\$M
Expenses		
1.40 Cost of sales	6,369.0	5,991.1
1.41 Personnel costs non-manufacturing	683.5	639.7
1.42 Logistics and distribution	316.4	292.5
1.43 General and administration	240.2	265.3
1.44 Sales and marketing	31.9	32.7
1.45 Research and development	1.1	2.0
1.46 Total expenses (excluding financing costs)	7,642.1	7,223.3
Net financing costs		
Financial income:		
1.50 Interest income	6.3	5.8
1.51 Net foreign exchange gains	-	1.5
1.52 Total financial income	6.3	7.3
Financial expenses:		
1.53 Interest expense	(80.9)	(71.0)
1.54 Less capitalised interest	4.2	0.3
	(76.7)	(70.7)
1.55 Net foreign exchange losses	(3.4)	-
1.56 Other borrowing costs	(2.8)	(2.4)
1.57 Total financial expenses	(82.9)	(73.1)
1.58 Total net financing costs, continuing operations	(76.6)	(65.8)
Net interest expense, continuing operations:		
1.60 Interest income	6.3	5.8
1.61 Interest expense	(76.7)	(70.7)
1.62 Total net interest expense, continuing operations	(70.4)	(64.9)

+ See chapter 19 for defined terms.

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	Current Period - A\$m	Previous Corresponding Period A\$m
Profit before tax		
1.70 Revenue, sale of goods:		
• Continuing operations	7,814.1	7,342.1
• Discontinuing operations	25.2	29.5
	7,839.3	7,371.6
1.71 Profit before depreciation, impairment, amortisation, net interest and tax:		
• Continuing operations	285.3	255.8
• Discontinuing operations	1.2	1.3
	286.5	257.1
1.72 Depreciation, impairment and amortisation:		
• Continuing operations	(101.0)	(104.7)
• Discontinuing operations	-	-
	(101.0)	(104.7)
1.73 Profit before net interest and tax:		
• Continuing operations	184.3	151.1
• Discontinuing operations	1.2	1.3
	185.5	152.4
1.74 Net interest:		
• Continuing operations	(70.4)	(64.9)
• Discontinuing operations	(0.5)	(0.2)
	(70.9)	(65.1)
1.75 Profit before tax:		
• Continuing operations	113.9	86.2
• Discontinuing operations	0.7	1.1
	114.6	87.3
1.76 Tax:		
• Continuing operations	(34.3)	(21.5)
• Discontinuing operations	(0.1)	(0.4)
	(34.4)	(21.9)
1.77 Profit for the period:		
• Continuing operations	79.6	64.7
• Discontinuing operations	0.6	0.7
	80.2	65.4

+ See chapter 19 for defined terms.

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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	(38.2)	(58.1)
1.81	Net profit (loss) attributable to equity holders of PaperlinX Limited	80.1	65.4
1.82	Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.83	Employee share options and rights	1.6	2.9
1.84	Adjustment to comply with AASB 139 Financial Instruments: Recognition and Measurement	-	(0.3)
1.85	Dividends paid	(42.5)	(78.1)
1.86	Distributions provided on PaperlinX step-up preference securities	(6.6)	-
1.87	Actuarial gains on defined benefit plans	20.6	30.0
1.88	Retained profits (accumulated losses) at end of the year	15.0	(38.2)

+ 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 computer software	(16.9)	-	-	(16.9)
2.2	Amortisation of brand names	-	-	-	-
2.3	Amortisation of other intangibles	(0.1)	-	-	(0.1)
2.4	Total amortisation of intangibles	(17.0)	-	-	(17.0)
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)

		Current year – A\$M	Previous year – A\$M
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)	32.7	35.3
3.2	Consolidated profit (loss) after tax attributable to equity (ordinary and preference) holders of PaperlinX Limited for the 2nd half year	47.4	30.1
	Total for year	80.1	65.4

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Condensed 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	448.8	455.1	197.9
4.2	Trade and other receivables	1,564.0	1,541.8	1,610.9
4.3	Inventories	861.2	864.1	890.0
4.4	Assets classified as held for sale	-	19.6	-
4.5	Total current assets	2,874.0	2,880.6	2,698.8
Non-current assets				
4.6	Receivables	17.7	8.9	8.6
4.7	Investments	13.3	14.1	13.8
4.8	Property, plant and equipment	1,066.6	990.8	994.7
4.9	Intangible assets	417.9	421.6	413.2
4.10	Deferred tax assets	52.9	74.4	64.2
4.11	Total non-current assets	1,568.4	1,509.8	1,494.5
4.12	Total assets	4,442.4	4,390.4	4,193.3
Current liabilities				
4.13	Trade and other payables	1,256.8	1,172.9	1,054.4
4.14	Loans and borrowings	494.9	221.7	225.2
4.15	Income tax payable	5.1	9.6	12.9
4.16	Employee benefits	47.1	41.4	50.3
4.17	Provisions	19.1	13.8	12.4
4.18	Liabilities classified as held for sale	-	0.9	-
4.19	Total current liabilities	1,823.0	1,460.3	1,355.2
Non-current liabilities				
4.20	Payables	53.8	93.1	83.9
4.21	Loans and borrowings	565.7	1,136.7	1,039.8
4.22	Deferred tax liabilities	48.9	43.4	44.1
4.23	Employee benefits	37.8	37.3	37.2
4.24	Provisions	7.6	10.9	11.5
4.25	Deferred income	0.5	-	-
4.26	Total non-current liabilities	714.3	1,321.4	1,216.5
4.27	Total liabilities	2,537.3	2,781.7	2,571.7
4.28	Net assets	1,905.1	1,608.7	1,621.6

+ See chapter 19 for defined terms.

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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				
4.29	Issued capital	1,701.5	1,691.9	1,698.3
4.30	Reserves	(87.9)	(45.0)	(56.8)
4.31	Retained profits	15.0	(38.2)	(20.0)
4.32	Equity attributable to holders of ordinary shares of PaperlinX Limited	1,628.6	1,608.7	1,621.5
4.33	PaperlinX step-up preference securities (net of issue costs)	276.4	-	-
4.34	Minority interests	0.1	-	0.1
4.35	Total equity	1,905.1	1,608.7	1,621.6
4.36	Preference capital included as part of 4.35	276.4	-	-

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

+ See chapter 19 for defined terms.

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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	7,803.6	7,390.7
7.2 Payments to suppliers and employees	(7,578.7)	(7,072.9)
7.3 Dividends received	0.5	0.8
7.4 Interest received	6.3	5.7
7.5 Interest paid	(82.6)	(69.6)
7.6 Income taxes paid	(16.3)	(6.1)
7.7 Other income received	10.1	11.2
7.8 Net operating cash flows	142.9	259.8
Cash flows related to investing activities		
7.9 Loans (advanced to)/repaid by other persons	(0.1)	(0.9)
7.10 Acquisition of property, plant and equipment and intangibles	(177.4)	(101.4)
7.11 Acquisition of controlled entities and businesses	(35.3)	(100.9)
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	24.0	51.1
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	(132.2)	(152.1)
Cash flows related to financing activities		
7.17 Dividends paid	(33.8)	(77.8)
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	(8.6)	-
7.21 Proceeds from options exercised	0.8	-
7.22 Proceeds from borrowings	1,431.6	1,156.1
7.23 Repayment of borrowings	(1,666.8)	(1,171.3)
7.24 Principal lease repayments	(0.2)	-
7.25 Net financing cash flows	8.1	(92.9)
7.26 Net increase in cash held	18.7	14.8
7.27 Cash and cash equivalents at beginning of period (see <i>Reconciliation of cash</i>)	453.9	427.8
7.28 Effect of exchange rate changes on cash	(23.9)	11.3
7.29 Cash and cash equivalents at end of period (see <i>Reconciliation of cash</i>)	448.8	453.9

+ 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.*)

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	448.8	455.1
8.2 Bank overdraft	-	(1.2)
8.3 Total cash at end of period (item 7.29)	448.8	453.9

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)	1.5%	1.2%
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 4.32)	4.9%	4.1%

+ See chapter 19 for defined terms.

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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 2007		
		Continuing	Discontinued	Total
10.1	Profit for the period	79.6	0.6	80.2
10.2	Less attributable to holders of PaperlinX step-up preference securities	(6.6)	-	(6.6)
10.3	Less attributable to minority interest	(0.1)	-	(0.1)
10.4	Profit for the period attributable to holders of ordinary shares of PaperlinX Limited	72.9	0.6	73.5
10.5	Weighted average number of shares – basic (millions)	447.6	447.6	447.6
10.6	Basic EPS (cents)	16.3	0.1	16.4
10.7	Weighted average number of shares – diluted (millions)	451.9	451.9	451.9
10.8	Diluted EPS (cents)	16.2	0.1	16.3

		JUNE 2006		
		Continuing	Discontinued	Total
10.9	Profit for the period	64.7	0.7	65.4
10.10	Profit for the period attributable to holders of ordinary shares of PaperlinX Limited	64.7	0.7	65.4
10.11	Weighted average number of shares – basic (millions)	446.2	446.2	446.2
10.12	Basic EPS (cents)	14.5	0.2	14.7
10.13	Weighted average number of shares – diluted (millions)	449.6	449.6	449.6
10.14	Diluted EPS (cents)	14.3	0.2	14.5

NTA backing

		Current period	Previous corresponding Period
11.1	Net tangible asset backing per +ordinary security	\$2.58	\$2.49

+ 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)	NIL
13.2 Consolidated profit (loss) and extraordinary items after tax of the subsidiaries since the date in the current period on which control was ⁺ acquired	N/A
13.3 Date from which such profit has been calculated	N/A
13.4 Profit (loss) and extraordinary items after tax of the subsidiaries 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) and extraordinary items after tax of the subsidiaries 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) and extraordinary items after tax of the subsidiaries while controlled during the whole of the previous corresponding period	N/A
14.5 Contribution to consolidated profit (loss) and extraordinary items from sale of interest leading to loss of control	N/A

+ See chapter 19 for defined terms.

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Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

26 September 2007

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)

5 September 2007

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

Yes

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) - not provided for at 30 June	6.0¢	Nil	100%
15.5	Previous year (30% tax rate)	4.5¢	Nil	N/A
15.6	(Half yearly and preliminary final reports) Interim dividend: Current year (30% tax rate) - not provided for at 31 December.	5.0¢	Nil	100%
15.7	Previous year (30% tax rate)	5.5¢	Nil	N/A

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

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	11.0¢	10.0¢
15.9 Preference +securities	\$2.3033	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 30 June 2006	Not provided for at 30 June 2006
15.12 Other equity instruments (each class separately) Refer 15.6 above	-	-
15.13 Total	-	-

+ See chapter 19 for defined terms.

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

Dividend Reinvestment Plan ('DRP')

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

5 September 2007

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

+ See chapter 19 for defined terms.

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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.

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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) (\$'s)	Amount paid up per security (see note 14) (\$'s)
18.1 Preference +securities <i>(description)</i>	2,850,000	2,850,000	100	100
18.2 Changes during current period				
(a) Increases through issues	2,850,000	2,850,000	100	100
(b) Decreases through returns of capital, buybacks, redemptions	N/A	N/A	N/A	N/A
18.3 +Ordinary securities	448,737,560			
18.4 Changes during current period				
(a) Increases through Employee Share Plan Issues				
– Exercise of Options	180,000	180,000	3.13	3.13
– Exercise of Options	32,500	32,500	3.32	3.32
– Exercise of Options	25,000	25,000	3.50	3.50
(b) Increase through long term incentive plan	-	-	-	-
(c) Decreases through returns of capital, buybacks	-	-	-	-
(d) Issued pursuant to Dividend Reinvestment Plan				
– Final 2006 dividend	1,585,971	1,585,971	3.50	3.50
– Interim 2007 dividend	731,880	731,880	4.09	4.09
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	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>)	4,354,320	Nil		N/A
18.8 Issued during current period				
	1,121,240	Nil	3.11	N/A
	150,000	Nil	3.11	N/A
	1,271,240			
18.9 Exercised during current period				
	180,000	Nil	3.13	N/A
	32,500	Nil	3.32	N/A
	25,000	Nil	3.50	N/A
	237,500			
18.10 Expired during current period	231,580	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 and internal reporting 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 packaging papers and industrial papers. Products include kraft liners, sack, kraft and light weight bag and industrial papers, sold predominantly to converting customers.
Corporate	Corporate operations.

GEOGRAPHIC SEGMENTS

The consolidated entity comprises the following main geographic segments. In presenting the information on the basis of geographic segments, segment sales are based on the geographic location of customers. Segment assets are based on the geographic location of the assets.

Segment	Description of Operations
Australia and New Zealand	Manufacture of communication papers and packaging papers, paper merchanting and paper trading.
North America	Paper merchanting and paper trading.
Europe	Paper merchanting and paper trading.
Asia	Paper merchanting and paper trading.

⁺ See chapter 19 for defined terms.

Segment Reporting (cont'd)

	CONSOLIDATED			
	SEGMENT RESULT (3)	SEGMENT REVENUE	SEGMENT ASSETS	SEGMENT LIABILITIES
	\$M	\$M	\$M	\$M
For the year ended 30 June 2007				
<u>BUSINESS SEGMENTS</u>				
Merchanting and Paper Trading				
• Continuing Operations	204.0	7,134.2	3,112.0	1,158.2
• Discontinuing Operations	1.2	25.2	-	-
	<u>205.2</u>	<u>7,159.4</u>	<u>3,112.0</u>	<u>1,158.2</u>
Communication Papers	(0.4)	761.2	800.6	152.9
Packaging Papers	10.6	255.1	348.1	76.3
	<u>10.2</u>	<u>1,016.3</u>	<u>1,148.7</u>	<u>229.2</u>
Corporate	(29.9)	-	128.8	35.3
Profit before net interest and tax	<u>185.5</u>			
Net interest (1)	<u>(70.9)</u>			
Profit before tax	114.6			
Tax expense (1)	<u>(34.4)</u>			
Profit for the period	80.2			
Unallocated assets (deferred tax balances)			52.9	
Unallocated liabilities				1,114.6
Inter-segment sales (2)		<u>(336.4)</u>		
Total	<u>80.2</u>	<u>7,839.3</u>	<u>4,442.4</u>	<u>2,537.3</u>

+ See chapter 19 for defined terms.

Segment Reporting (cont'd)

	CONSOLIDATED			
	SEGMENT RESULT (3)	SEGMENT REVENUE	SEGMENT ASSETS	SEGMENT LIABILITIES
	\$M	\$M	\$M	\$M
For the year ended 30 June 2006				
Business segments				
Merchanting and Paper Trading				
• Continuing Operations	187.6	6,661.8	3,208.3	1,166.0
• Discontinued Operations	1.3	29.5	19.6	0.9
	<u>188.9</u>	<u>6,691.3</u>	<u>3,227.9</u>	<u>1,166.9</u>
Communication Papers	(8.6)	779.2	734.1	129.1
Packaging Papers	5.3	241.8	298.4	41.6
Australian Paper	(3.3)	1,021.0	1,032.5	170.7
Corporate	(33.2)	-	55.6	32.7
Profit before net interest and tax	152.4			
Net interest (1)	(65.1)			
Profit before tax	87.3			
Tax expense (1)	(21.9)			
Profit for the period	65.4			
Inter-segment sales (2)		(340.7)		
Unallocated assets (deferred tax balances)			74.4	
Unallocated liabilities (6)				1,411.4
Total	<u>65.4</u>	<u>7,371.6</u>	<u>4,390.4</u>	<u>2,781.7</u>

+ See chapter 19 for defined terms.

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Segment Reporting (cont'd)

	CONSOLIDATED		
	SEGMENT REVENUE	SEGMENT ASSETS	CAPITAL EXPENDITURE
	\$M	\$M	\$M
For the year ended 30 June 2007			
<u>GEOGRAPHIC SEGMENTS</u>			
Australia and New Zealand	1,320.1	1,645.3	169.8
North America	1,489.3	531.1	9.5
Europe	4,829.2	2,154.2	46.3
Asia	200.7	58.9	0.1
Unallocated assets (deferred tax assets)	-	52.9	-
Total	7,839.3	4,442.4	225.7

	CONSOLIDATED		
	SEGMENT REVENUE	SEGMENT ASSETS	CAPITAL EXPENDITURE
	\$M	\$M	\$M
For the year ended 30 June 2006			
<u>GEOGRAPHIC SEGMENTS</u>			
Australia and New Zealand	1,363.6	1,471.2	76.3
North America	1,240.4	591.9	21.4
Europe	4,581.3	2,190.7	23.9
Asia	186.3	62.2	0.4
Unallocated assets (deferred tax assets)	-	74.4	-
Total	7,371.6	4,390.4	122.0

+ See chapter 19 for defined terms.

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Segment Reporting (cont'd)

	CONSOLIDATED		
	DEPRECIATION & AMORTISATION \$M	NON CASH EXPENSES (4) \$M	CAPITAL EXPENDITURE (5) \$M
For the year ended 30 June 2007			
<u>BUSINESS SEGMENTS</u>			
Merchanting & Paper Trading			
• Continuing operations	37.1	7.4	57.3
Communication Papers	31.4	(12.2)	137.5
Packaging Papers	22.0	(3.3)	29.5
Australian Paper	53.4	(15.5)	167.0
Corporate	10.5	(2.7)	1.4
Total	101.0	(10.8)	225.7

	CONSOLIDATED		
	DEPRECIATION & AMORTISATION \$M	NON CASH EXPENSES (4) \$M	CAPITAL EXPENDITURE (5) \$M
For the year ended 30 June 2006			
<u>BUSINESS SEGMENTS</u>			
Merchanting & Paper Trading			
• Continuing operations	40.4	(4.4)	47.8
Communication Papers	34.2	7.4	57.7
Packaging Papers	18.1	3.1	13.1
Australian Paper	52.3	10.5	70.8
Corporate	12.0	4.4	3.4
Total	104.7	10.5	122.0

+ See chapter 19 for defined terms.

Segment Reporting (cont'd)
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 expenses above comprise the following items:

	2007 \$M	2006 \$M
• Provisions charge	20.1	34.4
• Net profit on disposal of property, plant and equipment	(8.1)	(24.4)
• Impact of unrealised (profit) / loss in inventories - refer Statements of Cash Flows	(1.2)	0.5
	<u>10.8</u>	<u>10.5</u>

- (5) Capital Expenditure above comprises the following items:

• Acquisition of property, plant and equipment and intangibles - refer Statements of Cash Flows	177.4	101.4
• Movement in accruals	<u>29.3</u>	<u>0.6</u>
	206.7	102.0
• Goodwill in relation to acquisitions of subsidiaries	14.4	9.1
• Other intangibles acquired on acquisition of subsidiaries	0.2	1.2
• Property, plant and equipment acquired on acquisition of subsidiaries	4.4	9.7
	<u>225.7</u>	<u>122.0</u>

- (6) The unallocated segment liabilities comprise the following items:

• Current loans and borrowings	494.9	221.7
• Current tax liabilities	5.1	9.6
• Non-current loans and borrowings	565.7	1,136.7
• Non-current deferred tax liabilities	48.9	43.4
	<u>1,114.6</u>	<u>1,411.4</u>

+ 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)

19.2 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 26 September 2007 – 6.0 cents per share on fully paid shares. This dividend has not been provided for in the accounts as at 30 June 2007.

The balance of the consolidated franking account as at 30 June 2007 was \$Nil million (2006: \$Nil million).

It is expected that any interim dividend in respect of the half year ending 31 December 2007 will be unfranked.

- 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

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

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

Not applicable

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. Identify: <ul style="list-style-type: none"> • initial service charges • management fees • other fees 	Not applicable

Annual meeting*(Preliminary final report only)*

The annual meeting will be held as follows:

Place	The Four Seasons Hotel 199 George Street Sydney NSW 2000
Date	Thursday, 25 October 2007
Time	11.00 am
Approximate date the ⁺ annual report will be available	24 September 2007

+ See chapter 19 for defined terms.


Preliminary Final Report**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)
- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input checked="" type="checkbox"/> | The ⁺ accounts have been audited. | <input type="checkbox"/> | The ⁺ accounts have been subject to review. |
| <input type="checkbox"/> | The ⁺ accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The ⁺ accounts have <i>not</i> 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:  Date: 24 August 2007
(Company Secretary)

Print name: James Orr

+ See chapter 19 for defined terms.