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**PAPERLINX PLAN TO RESTORE PROFITABILITY**

PaperlinX Limited (PaperlinX) today announced a significant restructuring program that will restore profitability to the Company in the medium term and provide a sustainable platform for long term growth through the repositioning of the business.

PaperlinX CEO, Toby Marchant said, "We have been working on a robust plan to restore profitability. What we did not envisage was the sudden and severe reduction in paper volumes in Europe in the first half. However, the main components of the plan remain on track with the restructuring in the UK and Australia, announced in July 2011, mainly now largely complete and delivering results ahead of plan."

"Critically, the Board has now endorsed a major new restructuring program that involves a significant cost reduction and simplification of our Continental European business, as well as a further reduction in Corporate costs."

"In order to execute this new phase of our plan we need additional liquidity. We are addressing this through asset sales and other potential sources."

"In addition to restructuring, which will create a lower cost and more flexible business, we will also accelerate our growth in the Diversified sectors. We saw strong and profitable growth in Diversified in all regions in the half and we will continue to actively reallocate resource to these sectors from the declining paper sector."

"The external conditions remain very challenging but we have the full support of the Board to do what needs to be done to restore profitability and transform our business into a broad based materials supply Company", he said.

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