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**CROSS RELEASE PXUPA**  
**ASX RELEASE**

2 April 2015

**PAPERLINX UK COMPANIES PLACED IN VOLUNTARY ADMINISTRATION**

PaperlinX Limited ("PaperlinX") advises that a number of companies comprising the paper merchanting and VTS businesses of PaperlinX UK ("UK Group") have been placed into administration ("Administration") by its UK directors. For clarity, this does not include the UK independent packaging businesses which continue to trade normally.

The Joint Administrators, Matt Smith and Neville Kahn, insolvency practitioners of Deloitte UK were appointed on 1 April 2015.

The continued lower demand for paper and decline in margins in the United Kingdom, together with the difficulty in restructuring substantial legacy pension liabilities, and the withdrawal of credit insurance culminated in the UK Group being placed in administration.

The Administrators have observed that the UK Administration will not have an impact on PaperlinX's day-to-day businesses and operations in Australia, New Zealand and Asia ("ANZA").

PaperlinX is further assessing the impact that the UK Administration will have on other European PaperlinX operations, given the interconnectedness of financing arrangements and the supply chain in the region. PaperlinX considers it appropriate that it continue to remain in voluntary suspension until the commencement of trading on Wednesday, 8 April 2015 so that it can manage its continuous disclosure obligations and to avoid the market trading in PPX securities on a basis that is not reasonably informed.

As stated in PaperlinX's ASX announcement on 22 December 2014, PaperlinX commenced a strategic review in relation to Paper Associates Pty Ltd (the holding company for PaperlinX's European, Asian (excluding Australian and New Zealand) and Canadian operations).

On 27 February 2015, PaperlinX provided an update on the strategic review, informing PaperlinX shareholders that conditions in the European paper merchant market remained challenging and outlined interim Underlying EBIT losses for the European business of €14.9 million, mainly due to a shortfall in earnings from Commercial Print divisions in the UK and the Benelux.

Through the strategic review, PaperlinX had been exploring options to divest part or all of the European operations, but potential opportunities could not be brought to a satisfactory conclusion. The PaperlinX Board also considered a range of other funding alternatives but decided these were either not feasible or not in the best interests of PaperlinX.

As a result of the strategic review, the PaperlinX Board determined that there was no reasonable basis upon which to expect a financial improvement in the UK Group. Even with ongoing and substantial cash investment, the PaperlinX board is of the view that a turnaround in the UK Group's performance and profitability is unlikely. As such, the PaperlinX Board determined that it was not in the best interests of PaperlinX to continue to support the UK's trading losses and adverse liquidity position or to fund significant restructuring initiatives.

PaperlinX CEO, Mr Andy Preece, said "the profitable Spicers businesses in Australia, New Zealand and Asia are insulated from the financial liabilities of the UK businesses. In this region, PaperlinX's primary focus will be to continue to develop its businesses beyond paper merchanting and into Sign & Display and Packaging."

The PaperlinX Board and management of PaperlinX deeply regret the impact the Administration will have on UK employees and all stakeholders of the UK Group.

"This has been a difficult decision for the local directors of the UK Group, but one that I believe is unavoidable given the circumstances," said Mr Preece. "PaperlinX has strongly supported its UK operations for many years, but despite continued efforts and the investment of significant capital over recent years, it has not been possible to successfully restructure the UK Group."

PaperlinX has been advised by ING, a local receivables financier of the UK Group and PaperlinX's Dutch subsidiaries, that the facility in relation to the UK Group has been terminated, and that a termination event has occurred under the Dutch facility. ING has advised that, subject to certain conditions, it currently proposes to refrain from terminating the Dutch facility until 15 April 2015, to allow for the potential sale of the PaperlinX Benelux operations. Although a formal sale process has commenced, PaperlinX is not currently in receipt of any binding proposal in relation to a potential sale of the Benelux or any other European business. PaperlinX will not receive any material benefit from a sale or realisation of Benelux or any other European business. However, the proceeds of a sale or realisation will benefit other European stakeholders.

PaperlinX will focus on ensuring that the Spicers merchant businesses in the ANZA region continue to develop their diversified offering and create a sustainable platform from which to increase shareholder value in coming years.

#### **Further information:**

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*NB. Please note the attached Deloitte announcement for further details regarding the companies related to the appointment*

# Deloitte.

## News Release

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**1 April 2015**

### **Deloitte appointed as Administrators of certain PaperlinX UK companies**

Matt Smith and Neville Kahn of Deloitte, the business advisory firm, have been appointed Joint Administrators of a number of companies of PaperlinX UK. PaperlinX UK, headquartered in Northampton, is a subsidiary of PaperlinX Limited, an Australian-listed, international merchant of paper, communication materials and diversified products and services.

The appointment specifically relates to PaperlinX UK's paper and visual technology solutions businesses, comprising the following principal trading companies:

- Robert Horne Group Limited;
- Howard Smith Paper Group Limited;
- The Paper Company Limited; and
- PaperlinX Services (Europe) Ltd

In addition a number of non-trading holding and subsidiary companies have entered administration, as set out at the end of this announcement.

The UK packaging businesses (Parkside Packaging Ltd, 1<sup>st</sup> Class Packaging Ltd and Donington Packaging Supplies Ltd) of PaperlinX UK will remain outside of administration and continue to trade normally.

All other global operations of PaperlinX, including PaperlinX Ireland Ltd - which trades in the Republic of Ireland and Northern Ireland, and the businesses in mainland Europe, Asia and Australasia, are not impacted by the UK administrations and continue to trade normally.

The Joint Administrators have confirmed they will no longer be trading from 14 sites from 1 April 2015, with up to 693 redundancies. It will continue to trade from five sites.

Matt Smith, Joint Administrator, commented:

"The administration appointment specifically relates to PaperlinX UK's paper and visual technology solutions businesses. The industry has faced an increasingly challenging environment due to falling demand as digital communications have increased. We are investigating how best to maximise value in the businesses for the benefit of its creditors.

"The Joint Administrators are seeking to continue to trade the businesses on a limited basis to secure the best value available from current stock holdings and other assets. Many of the sales office locations are being closed today. The businesses will continue to actively trade from five sites, including the Northampton head office, but on a more limited basis than previously. During this period we will also be attempting to find a purchaser for all or parts of the businesses.

"Employment specialists from the Joint Administrators team will be making sure affected employees are supported in making their claims to the Redundancy Payments Service for redundancy, pay in lieu of notice and any other appropriate claims. A dedicated email address and helpline for employees has also been established."

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### **Notes to Editors**

#### **Full list of entities entering administration**

PaperlinX (Europe) Limited  
PaperlinX Investments (Europe) Limited  
PaperlinX Brands (Europe) Limited  
PaperlinX (UK) Limited  
PaperlinX Services (Europe) Limited  
PaperlinX Treasury (Europe) Limited  
Robert Horne UK Limited  
Robert Horne Group Limited  
Howard Smith Paper Group Limited  
The Paper Company  
Howard Smith Paper Limited  
W.Lunnon & Company Limited  
Trade Paper Limited  
Sheet and Roll Convertors Limited  
Precision Publishing Papers Limited  
Pinnacle Film & Board Sales Limited  
The M6 Paper Group Limited  
Contract Paper Limited

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