Appendix 4D (rule 4.2A.3)

HALF-YEAR FINANCIAL STATEMENTS
31 December 2016

Results for announcement to the market

Extracts from this report for announcement to the market.

Revenue and net profit

		Percentage Change %		Amount $'000
Sales revenue	up/(down)	27.2%	to	496,561
Total revenue	up/(down)	27.3%	to	499,219
EBIT (excluding significant items)	up/(down)	(112.3%)	to	(1,812)
EBIT (including significant items)	up/(down)	(229.2%)	to	(10,953)
Net profit for the period	up/(down)	(916.2%)	to	(14,504)

Dividends

A final ordinary unfranked dividend for the year ended 30th June 2016 of 2.4 cents per share was declared and paid during the half-year ended 31 December 2016 (2015: 1.8 cents per share).

Brief explanation of results

For the six months ended 31 December 2016, PMP's EBIT loss from operations (before significant items) was $1.8 million, compared to an EBIT of $14.8 million in the prior period, a decrease of $16.6 million. This was primarily due to lower EBIT at PMP Australia (down $16.5 million) due to $39.0 million lower sales mainly due to not replacing lost print contracts from fiscal 2016.

PMP New Zealand EBIT (before significant items) of $4.6M, was down $0.5M or 10.5% on prior period, as higher profits at both Gordon & Gotch and the sheetfed business and further cost savings were outweighed by lower print sell prices. Gordon & Gotch revenues were up $112.6 million or 87.3% as revenues from the Bauer contract and other publishers offset lower revenues from existing customers. EBIT (pre significant items) of $23k was down $0.6 million vs last year as the impact of lower volumes on existing customers offset benefits from the new Bauer contract.

The group recorded a net loss of $14.5 million compared to a profit of $1.8 million in the corresponding period. This was primarily due to lower volumes at the Australian Print operations. Included in the loss was $9.1 million of significant expense items ($6.7 million of restructuring costs and $2.4 million of acquisition related costs for IPMG Pty. Ltd.) and $2.3 million of borrowing costs.

Cashflow from operations at minus $2.2 million was down $17.2 million on corresponding period primarily due to lower EBITDA (down $17.9 million on prior period). Higher significant items up $5.3 million was offset by favourable outcomes for interest expense and working capital.

Net debt at December 2016 was $9.8 million, $0.6 million lower compared to December 2015 and $10.5 million higher compared to June 2016. Net debt to EBITDA (pre-significant items) fell from 0.2 times to 0.9 times, with interest cover falling from 8.2 times at December 2015 to 4.9 times.

Refer to ASX announcement for further explanation of the group's results.

Net tangible assets per security	December 2016 $	December 2015 $
Net tangible assets per security	0.66	0.75

Details of entities over which control has been gained or lost

There are no entities within the consolidated group over which control has been gained or lost during the period.

PMP Limited

ABN 39 050 148 644

HALF-YEAR FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

PMP Limited

ABN 39 050 148 644

HALF-YEAR FINANCIAL STATEMENTS
31 December 2016

Contents

Directors' Report

For the half-year to 31 December 2016.

The Board of Directors of PMP Limited ("PMP") submit their report including the condensed consolidated statement of financial position of the economic entity ("PMP Group") at 31 December 2016, and related statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the half-year ("the period") then ended and report as follows:

DIRECTORS

The following persons were Directors of PMP during the whole of the half-year and up to the date of this report:

Matthew Bickford-Smith (Chairman)

Peter George

Naseema Sparks

Anthony Cheong

Dhun Karai

Peter Margin was a director from beginning of the financial year until his resignation on 25 August 2016.

REVIEW OF OPERATIONS

Revenues were $496.6 million, an increase of $106.1 million or 27.2%. Higher sales at Gordon & Gotch in both Australia and New Zealand up $144.3 million from higher volumes from the new Bauer contracts was partially offset by lower sales at PMP Australia down $39.0 million or 20.5%.

FY17 H1 EBIT loss (before significant items) at $1.8M was $16.6M lower compared to the $14.8M profit in the prior period due entirely to the lower profits at PMP Australia. Lower print and distribution revenues adversely impacted profit as did the postponement of normal cost out initiatives to the lower print activity levels pending the IPMG merger.

In addition, there were lower revenues at Griffin Press from a customer loss and higher operational costs from the transition to the digital platform. A slight fall in EBIT (pre significant items) at Gordon & Gotch and PMPNZ was offset by lower Corporate costs.

PMP Australia print sales were $28 million or 24% lower vs prior period with volumes down 16%. In New Zealand print volumes fell only 2.4%, while sheetfed sales were up 15% and distribution volumes flat. Distribution volumes in Australia were down by 12.6%. Griffin Press had lower revenues after a customer loss and higher operational costs from the transition to the digital platform.

PMP New Zealand EBIT (before significant items) of $4.6M, was down $0.5M or 10.4% on prior period as higher profits at both Gordon & Gotch and the sheetfed business and further cost savings were outweighed by lower print sell prices. Gordon & Gotch revenues were up $112.6 million or 87.3% as revenues from the Bauer contract and other publishers offset lower revenues from existing customers. EBIT (pre significant items) of $23k was down $0.6 million vs last year as the impact of lower volumes on existing customers offset benefits from the new Bauer contract.

Cashflow from operations at minus $2.2 million was down $17.2 million on last year primarily driven by lower EBITDA (down $17.9 million on prior period). Higher significant items up $5.3 million was offset by favourable outcomes for interest expense and working capital.

Net debt at December 2016 was $9.8 million, $0.6 million lower compared to December 2015 and $10.5 million higher compared to June 2016. Net debt to EBITDA (pre-significant items) fell from 0.2 times to 0.9 times, with interest cover increasing from 8.2 times at December 2015 to 4.9 times.

Directors' Report (continued)

SUBSEQUENT EVENTS

As announced on the 28 October 2016, PMP had entered into an agreement with IPMG Pty Ltd., for the acquisition of all shares in IPMG Pty Ltd. In accordance with the Share Sale Deed, the last condition precedent for the completion of the transaction was satisfied by way of a decision announced by the Australian Competition and Consumer Commission on 17 February 2017. It is expected that the transaction will be completed on 1 March 2017. Completion accounts for the acquired entities and resultant acquisition accounting in the PMP's accounts will be prepared subsequent to the completion of this transaction. This information will be included in PMP's June 2017 Annual Report.

The Directors have not declared any dividend for the half year ended 31 December 2016.

Apart from the matters above, the Directors are not aware of any matter or circumstance post balance date not otherwise dealt with in this report or the consolidated financial statements that has significantly affected or may significantly affect the operations of the PMP Group, the results of those operations or the state of affairs of the Group in subsequent years.

DIVIDENDS

Dividends declared and paid to members during the financial period were as follows:

	2016	2015
	$'000	$'000
Final ordinary unfranked dividend for the year ended 30 June 2016 of 2.4 cents paid on 6 October 2016 (2015: 1.8 cents, 50% franked)	**7,636**	**5,873**

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the Audit Independence requirements of the *Corporations Act 2001* , the Directors have received and are satisfied with the "Auditor's Independence Declaration" provided by the PMP Group external auditors Deloitte Touche Tohmatsu. The Auditor's Independence Declaration is included on Page 19.

ROUNDING OF AMOUNTS

Pursuant to class order 2016/191 made by the Australian Securities and Investments Commission, the Company has rounded amounts in this report and the accompanying financial statements to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the Directors made pursuant to s306(3) of the *Corporations Act 2001.*

Matthew Bickford-Smith
Director and Chairman

Sydney, 27 February 2017

Condensed consolidated statement of profit or loss and other comprehensive income

HALF-YEAR ENDED 31 DECEMBER 2016	NOTES	CONSOLIDATED	
		Half-Year Ended 31 Dec 2016	Half-Year Ended 31 Dec 2015
		$'000	$'000
Continuing operations			
Revenues	2(i), 5	**499,219**	392,299
Expenses	2(ii)	**(510,172)**	(383,820)
Profit before finance costs and income tax		**(10,953)**	8,479
Finance costs	2(iv)	**(2,250)**	(5,741)
PROFIT BEFORE INCOME TAX EXPENSE		**(13,203)**	2,738
Income tax expense	3	**(1,301)**	(961)
PROFIT FOR THE PERIOD		**(14,504)**	1,777
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial gains/(loss)		**265**	(274)
Income tax relating to items that will not be reclassified subsequently		**(79)**	82
		186	(192)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**543**	4,192
Gain/(Loss) on cash flow hedges taken to equity		**1,191**	(1,366)
Income tax relating to items that may be reclassified subsequently		**(348)**	399
		1,386	3,225
Other comprehensive income for the period (net of tax)		**1,572**	3,033
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(12,932)**	4,810
Basic earnings per share (cents)		**(4.6)**	0.5
Diluted earnings per share (cents)		**(4.5)**	0.5
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)		**318,172**	324,586

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 9 to 17.

Condensed consolidated statement of financial position

HALF-YEAR ENDED 31 DECEMBER 2016	NOTES	CONSOLIDATED		
		AS AT 31 DEC 2016	AS AT 30 JUN 2016	AS AT 31 DEC 2015
		$'000	$'000	$'000
CURRENT ASSETS				
Cash and cash equivalents		**42,362**	54,103	44,286
Receivables		**90,801**	96,277	77,871
Inventories		**85,353**	85,602	68,033
Financial assets		**696**	248	231
Other		**3,510**	2,465	3,139
TOTAL CURRENT ASSETS		**222,722**	238,695	193,560
NON-CURRENT ASSETS				
Property, plant and equipment		**150,395**	155,944	167,796
Deferred tax assets		**47,622**	49,335	50,804
Goodwill and intangible assets		**27,274**	27,514	27,617
Financial assets		**1,852**	2,381	2,866
Other		**3,109**	3,072	3,203
TOTAL NON-CURRENT ASSETS		**230,252**	238,246	252,286
TOTAL ASSETS		**452,974**	476,941	445,846
CURRENT LIABILITIES				
Payables		**138,592**	139,371	99,179
Interest bearing liabilities - financial institutions	7	**2,444**	2,518	2,540
Income tax payable		**5**	12	21
Financial liabilities		**545**	1,093	433
Provisions		**17,924**	18,009	19,056
TOTAL CURRENT LIABILITIES		**159,510**	161,003	121,229
NON-CURRENT LIABILITIES				
Interest bearing liabilities - financial institutions	7	**50,433**	51,988	53,490
Financial liabilities		**-**	12	-
Provisions		**4,178**	4,519	4,128
TOTAL NON-CURRENT LIABILITIES		**54,611**	56,519	57,618
TOTAL LIABILITIES		**214,121**	217,522	178,847
NET ASSETS		**238,853**	259,419	266,999
EQUITY				
Contributed equity	6	**353,227**	353,227	354,644
Reserves		**13,503**	12,063	11,349
Accumulated losses		**(127,877)**	(105,871)	(98,994)
TOTAL EQUITY		**238,853**	259,419	266,999

The statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 9 to 17

Condensed consolidated statement of cash flows

HALF-YEAR ENDED 31 DECEMBER 2016	CONSOLIDATED	
	Half-Year Ended 2016 $'000	Half-Year Ended 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**552,517**	429,250
Payments to suppliers and employees	**(552,932)**	(408,945)
Fee for early termination of corporate bond	**-**	(1,500)
Interest received	**305**	430
Interest and other costs of finance paid	**(2,062)**	(4,238)
Income taxes refund	**5**	-
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	**(2,167)**	14,997
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(890)**	(1,014)
Proceeds from sale of property, plant and equipment	**121**	42
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	**(769)**	(972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of corporate bond		(50,000)
Repayment of borrowings	**(1,219)**	(1,221)
Proceeds from corporate bond	**-**	40,000
Dividends paid to company's shareholders	**(7,636)**	(5,873)
Payment for share buy-back	**-**	(2,724)
Payment of finance lease liabilities	**-**	-
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	**(8,855)**	(19,818)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(11,791)**	(5,793)
Add opening cash and cash equivalents brought forward	**54,103**	49,529
Effects of exchange rate changes on cash and cash equivalents	**50**	550
CLOSING CASH AND CASH EQUIVALENTS	**42,362**	44,286

The statement of cash flows is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 9 to 17.

Condensed consolidated statement of changes in equity

HALF-YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED

31 DECEMBER 2016

	Attributable to owners of the PMP Group					
	Contributed equity $'000	**Accumulated losses $'000**	**Foreign currency translation reserve $'000**	**Share-based payment reserve $'000**	**Cash flow hedge reserve $'000**	**Total equity $'000**
At 1 July 2016	**353,227**	**(105,871)**	**11,491**	**1,523**	**(951)**	**259,419**
Currency translation differences	**-**	**(52)**	**543**	**-**	**-**	**491**
Cash flow hedges (net of tax)	**-**	**-**	**-**	**-**	**843**	**843**
Defined benefit plan (net of tax)	**-**	**186**	**-**	**-**	**-**	**186**
Total income for the period recognised directly in equity	**-**	**134**	**543**	**-**	**843**	**1,520**
Profit for the period	**-**	**(14,504)**	**-**	**-**	**-**	**(14,504)**
Total comprehensive income for the period	**-**	**(14,370)**	**543**	**-**	**843**	**(12,984)**
Dividends ~	**-**	**(7,636)**	**-**	**-**	**-**	**(7,636)**
Share buy-back	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**54**	**-**	**54**
At 31 December 2016	**353,227**	**(127,877)**	**12,034**	**1,577**	**(108)**	**238,853**

~ The above table represents the PMP Group position. At 30 June 2015, a dividend reserve of $50 million was created in the parent entity. A final ordinary dividend for the year ended 30 June 2016 was paid on 7 October 2016 from the parent entity dividend reserve.

31 DECEMBER 2015

	Attributable to owners of the PMP Group					
	Contributed equity	Accumulated losses	Foreign currency translation reserve $'000	Share-based payment reserve $'000	Cash flow hedge reserve $'000	Total equity $'000
At 1 July 2015	356,035	(92,602)	6,618	1,737	241	272,029
Currency translation differences	-	-	4,192	-	-	4,192
Cash flow hedges (net of tax)	-	-	-	-	(967)	(967)
Defined benefit plan (net of tax)	-	(192)	-	-	-	(192)
Total income for the period recognised directly in equity	-	(192)	4,192	-	(967)	3,033
Profit for the period	-	1,777	-	-	-	1,777
Total comprehensive income for the period	-	1,585	4,192	-	(967)	4,810
Dividends	-	(5,873)	-	-	-	(5,873)
Share buy-back	(2,724)	-	-	-	-	(2,724)
Share-based payments	1,333	(2,104)	-	(472)	-	(1,243)
At 31 December 2015	354,644	(98,994)	10,810	1,265	(726)	266,999

The statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 9 to 17.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

Statement of compliance

The half-year financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements.

The half-year financial statements do not include all the notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

The half-year financial statements should be read in conjunction with the annual financial statements of PMP Limited as at 30 June 2016. It is also recommended that the half-year financial statements be considered together with any public announcements made by PMP Limited and its controlled entities during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of preparation

The half-year financial statements have been prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets classified as held for sale and derivative financial instruments that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies applied by the PMP Group in these half-year financial statements are the same as those applied by the PMP Group in its annual financial statements as at and for the year ended 30 June 2016, except for the impact of those described below.

Changes in accounting policies

The following new standards, amendments to, or interpretation of standards have been issued which applied for the half-year ended 31 December 2016.

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1057 Application of Australian Accounting Standards and AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs	31 December 2016	30 June 2017
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	31 December 2016	30 June 2017
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	31 December 2016	30 June 2017
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	31 December 2016	30 June 2017

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS (continued)

Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. The standard is not applicable until 1 January 2018 but is available for early adoption. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 9.

AASB 15 Revenue from contracts with customers establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. The standard is not applicable until 1 January 2018 but is available for early adoption. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 15.

AASB 16 Leases introduces a new accounting model for leasees that requires leasees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. Under the model a lease asset and liability will be initially recognised. Amortisation of lease assets and interest on the lease liabilities will be recognised in the income statement over the lease term. The total amount of cash paid will be separated into a principal portion (financing activities) and interest (operating activities) for presentation in the cash flow statement. Lessor accounting will not change significantly. The standard includes better guidance on identifying whether a contract contains a lease and requires enhanced disclosures. AASB 16 is not applicable until 1 January 2019 but is available for early adoption but only if IFRS 15 Revenue from contracts with customers is also applied. The Group will not assess the impact until the Australian standard is issued.

Other amendments to existing standards that are not yet effective are not expected to result in significant changes to the PMP's accounting policies.

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS (continued)

Critical accounting estimates, assumptions and judgements

(i) Deferred tax assets
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and level of future taxable profits.

The deferred tax assets of $4.4M pertaining to the current half year's Australian tax loss was not recognised in the financial statement as at December 2016. Due to the lower EBITDA performance of the Australian operations in the current half year period and given the savings from the pending transformation plan, the timeframe over which PMP expects to recoup the Australian deferred tax asset of $34.8 million has moved marginally from the previous range of 6-7 years to 7.17 years.
However the Directors believe that the deferred tax asset value is supportable given the level of forecast future tax profits from 2018 financial year onwards. This position will be reassessed on an ongoing basis.

The New Zealand deferred tax asset value of $2.1 million, attributable to tax losses is expected to be fully recouped over a period of 2 to 3 years (with ongoing recoupment of these losses since 2013).
This position will be reassessed on an ongoing basis.

In addition, PMP has $22.5 million of Australian tax losses incurred since 2013, which haven't been recognised. Despite the non-recognition of these losses on the balance sheet, the losses will be available indefinitely for offset against future taxable profits, subject to continuing to meet the statutory tax tests of continuity of ownership or failing that, the same business test.

(ii) Goodwill, intangible assets, property, plant and equipment

The Group assesses whether goodwill is impaired on a bi-annual basis and assesses impairment of all other assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. The recoverable amounts of cash generating units have been determined based on either a value in use model or fair value less costs to sell model. These calculations require the use of a number of assumptions and assesses the impact of possible changes in these assumptions. Based on testing carried out at 31 December 2016 there has been no impairment of the cash generating units.

While the PMP Australia base case has a surplus, the Directors estimate, that if EBITDA and cash flow reflected in the model were to decrease by 10%, it could result in the aggregate carrying value of the PMP Australia cash generating unit exceeding the recoverable amount in the range of approximately $10 million to $15 million.

While the New Zealand business unit base case has a surplus, the Directors estimate, that if EBITDA and cash flow reflected in the model were to decrease by 5%, it could result in the aggregate carrying value of the New Zealand cash generating unit exceeding the recoverable amount in the range of approximately $2.5 million to $5 million.

Refer to the annual financial statements of PMP Limited as at 30 June 2016 for further details of these assumptions.

Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2016

	NOTES	CONSOLIDATED 2016 $'000	2015 $'000
2. REVENUES AND EXPENSES			
(i) Revenues			
Sales revenue			
External sales		**496,561**	390,503
Other revenue			
Interest	2(iv)	**284**	421
Rental income		**188**	278
Net (loss)/gain on disposal of property, plant and equipment		**(140)**	32
Other		**2,326**	1,065
	5	**499,219**	392,299
(ii) Expenses			
Raw materials and consumables		**(80,965)**	(91,086)
Cost of finished goods sold		**(251,784)**	(121,782)
Employee expenses		**(114,376)**	(116,232)
Outside production services		**(6,140)**	(6,723)
Freight		**(17,984)**	(7,284)
Repairs and maintenance		**(6,964)**	(6,845)
Occupancy costs		**(10,014)**	(9,294)
Amortisation of intangibles	5	**(389)**	(389)
Depreciation	5	**(12,495)**	(13,866)
Other expenses		**(9,061)**	(10,319)
		(510,172)	(383,820)

(iii) Significant items

Included in net profit/(loss) before income tax are the following significant items of income and expense:

	2016	2015
- (Loss)/Gain on sale of assets	**(146)**	28
- Restructure initiatives and other one off costs	**(6,702)**	(2,415)
- Costs related to merger with IPMG Pty. Ltd.	**(2,293)**	**-**
- Impairment of Dick Smith trade receivable	**-**	(3,894)
- Fee for early termination of corporate bond	**-**	(1,500)
- Write off of prepaid financing costs	**-**	(833)
Net significant expense items (included in net profit/(loss) before income tax)	**(9,141)**	(8,614)
Tax benefit associated with significant items	**2,041**	2,565
Tax losses not brought to account	**(4,436)**	-
Tax loss adjustment prior year	**(35)**	-
Tax benefit included in net profit/(loss) after tax	**(2,430)**	2,565

Significant items have been included in the Statement of Profit or Loss and Other Comprehensive Income within the following categories:

	2016	2015
- Sales revenue	**-**	(350)
- Other revenue	**-**	28
- Employee expenses	**(5,470)**	(2,046)
- Occupancy costs	**(421)**	-
- Other expenses	**(3,250)**	(3,913)
- Finance costs		(2,333)
	(9,141)	(8,614)

Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2016 **CONSOLIDATED**

	2016 $'000	2015 $'000
2. REVENUES AND EXPENSES (continued)		
(iv) Finance costs		
Interest expense		
- Bank loans and overdraft	**(2,250)**	(3,523)
- Unwind of discount on long term provisions	**-**	(7)
Total interest expense	**(2,250)**	(3,530)
- Fee for early termination of corporate bond	**-**	(1,500)
- Write off of prepaid financing costs	**-**	(833)
- Gain/(loss) on interest rate swaps - realised	**-**	122
Total finance cost	**(2,250)**	(5,741)
Interest received		
- Other corporations and persons	**284**	421
Net finance costs	**(1,966)**	(5,320)

3. INCOME TAX

(a) Income tax expense

Profit before income tax	**(13,203)**	2,738
Prima facie income tax expense thereon at 30%	**(3,961)**	821
Tax effect of permanent and other differences:		
Income tax under/(over) provided in previous year	**49**	16
Non deductible items for tax purposes	**823**	208
Difference/change in overseas tax rate	**(80)**	(84)
Benefit of tax losses not brought to account	**4,436**	**-**
Adjustment to prior year tax losses	**34**	**-**
	1,301	961

(b) Major component of income tax expense

Current tax expense	**(3,175)**	1,637
Deferred tax (benefit)/expense	**4,476**	(676)
	1,301	961

(c) Tax losses not brought to account

	Gross $'000	**Gross $'000**
Revenue losses	**75,090**	54,429
Capital losses	**287,293**	287,293

The benefit of these revenue losses is not brought to account as realisation is not probable. Refer to Note 1 for further details. In addition, capital losses are only able to be used against capital gains and so are not recognised until used in any tax year.

4. CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities classified in accordance with the party for whom the liability could arise are:

Related bodies corporate

- PMP Limited has guaranteed the borrowings of PMP Finance Pty Limited and PMP (NZ) Limited to facilitate group banking arrangements.
- Wholly owned entities in the PMP Group have provided guarantees and securities to banks, in respect of debt and foreign currency management.
- Entities in the PMP Group contribute to a number of defined benefit superannuation funds and have undertaken to contribute annually such amounts as the actuaries consider necessary to secure the rights of members.

Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2016

5. SEGMENT INFORMATION

Description of segments

Management has determined the operating segments based on the manner the Group is structured and managed by the Executive Management Team (EMT). All reports regularly reviewed by the Chief Executive Officer and the EMT are presented on this basis which groups similar operations or geographic locations. PMP Australia includes all of the Print businesses in Australia namely, Heatset and Griffin Press and also includes Distribution and Digital Premedia.

Gordon and Gotch includes magazine and book distribution businesses in Australia. New Zealand segment includes all businesses in New Zealand.

Transactions between segments are carried out at arm's length and are eliminated on consolidation.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment for the periods presented:

Operating segments	PMP Australia (excl. G&G)		Gordon and Gotch Australia (G&G)		New Zealand		Corporate		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue										
Sales revenue	**151,427**	190,744	**241,508**	128,943	**103,626**	71,166	**-**	-	**496,561**	390,853
Sales revenue significant item	**-**	(350)	**-**	-	**-**	-	**-**	-	**-**	(350)
Other revenue	**7**	5	**2,019**	957	**391**	450	**241**	356	**2,658**	1,768
Other revenue significant item		28	**-**	-		-	**-**	-	**-**	28
Total segment revenue	**151,434**	190,427	**243,527**	129,900	**104,017**	71,616	**241**	356	**499,219**	392,299
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total revenue	**151,434**	190,427	**243,527**	129,900	**104,017**	71,616	**241**	356	**499,219**	392,299
EBITDA ~ before significant items	**4,607**	22,392	**366**	846	**7,687**	8,399	**(1,588)**	(2,622)	**11,072**	29,015
Depreciation and amortisation	**(9,373)**	(10,622)	**(343)**	(234)	**(3,042)**	(3,214)	**(126)**	(185)	**(12,884)**	(14,255)
EBIT * before significant items	**(4,766)**	11,770	**23**	612	**4,645**	5,185	**(1,714)**	(2,807)	**(1,812)**	14,760
Significant items before income tax	**(5,853)**	(5,274)	**(38)**	(27)	**(653)**	(977)	**(2,597)**	(3)	**(9,141)**	(6,281)
Segment EBIT * after significant items	**(10,619)**	6,496	**(15)**	585	**3,992**	4,208	**(4,311)**	(2,810)	**(10,953)**	8,479
Significant items - Finance costs										(2,333)
Finance costs									**(2,250)**	(3,408)
Profit before income tax									**(13,203)**	2,738
Income tax expense									**(1,301)**	(961)
Net profit after income tax									**(14,504)**	1,777

~: EBITDA - Profit/(loss) before depreciation, amortisation, finance costs and income tax

*: EBIT - Profit/(loss) before finance costs and income tax

5. SEGMENT INFORMATION (continued)

Geographic segments	Australia		New Zealand		Consolidated	
	Half-Year Ended 31 December 2016					
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Sales revenue	**392,935**	319,687	**103,626**	71,166	**496,561**	390,853
Sales revenue significant item	**-**	(350)	**-**	-	**-**	(350)
Other revenue	**2,267**	1,318	**391**	450	**2,658**	1,768
Other revenue significant item	**-**	28	**-**	-	**-**	28
Total revenue	**395,202**	320,683	**104,017**	71,616	**499,219**	392,299

6. CONTRIBUTED EQUITY

	CONSOLIDATED			
	2016 Number '000	2015 Number '000	**2016 $'000**	2015 $'000
	318,172	323,781	**353,227**	356,035
Share-based payments	**-**	2,487	**-**	1,333
Share buy-back	**-**	(5,324)	**-**	(2,724)
Balance as at 31 December	**318,172**	320,944	**353,227**	354,644

7. INTEREST BEARING LIABILITIES

(a) Current interest bearing liabilities	**December 2016 $'000**	June 2016 $'000
Bank loans repayable in: Euros *	**2,894**	2,968
Other: prepaid finance costs	**(450)**	(450)
Total current interest bearing liabilities	**2,444**	2,518

(b) Non-current interest bearing liabilities		
Bank loans repayable in: Euros *	**11,573**	13,353
Corporate bond	**40,000**	40,000
Other: prepaid finance costs	**(1,140)**	(1,365)
Total non-current interest bearing liabilities	**50,433**	51,988

* Represents the Euro denominated loan of EUR 9.9 million at 31 December 2016 measured at the exchange rate prevailing rate at balance date.

7. INTEREST BEARING LIABILITIES (continued)

(c) Terms and conditions

PMP entered into a fully secured $5 million Australian Dollar and $5 million New Zealand Dollar Overdraft Facility in February 2016 replacing the previous Overdraft and a Revolving facility. A bank guarantee facility is also provided in conjunction with the overdraft facilities. These facilities are subject to annual reviews. ANZ Banking Group is the lender. Security pledged involves a first ranking fixed and floating charge over the assets of PMP, including the subsidiaries in Australia and New Zealand. The facilities are subject to a number of financial covenants, including the PMP Group being measured against a maximum Debt/EBITDA ratio and a minimum Fixed Charge Ratio. The facilities are also subject to the warranties and conditions of the agreement during the term of it, including the requirement to maintain a minimum cash balance of in total of $12.5m and also a change of control clause. Subsequent to 31 December 2016, the maturity date of the Overdraft Facilities were extended to 31 December 2017. The next annual review is due by 31 December 2017.

PMP entered into a Euro 17 million export financing loan agreement in February 2013, secured against an offset rotary press. As at 31 December 2016, this loan was fully drawn and after amortisation payments had a balance of Euro 9.9 million. This facility has a maturity date of 30 September 2021 with semi-annual amortisations. The lender is Commerzbank AG.

PMP issued an unsecured $40 million corporate bond on 17 September 2015 replacing the previous $50 million corporate bond which has been repaid. This new bond has a fixed coupon of 6.43% per annum and a four year term. It is subject to a number of financial covenants, including the PMP Group being measured against a maximum Secured Debt/EBITDA ratio, a maximum Net Debt/EBITDA ratio and a minimum EBITDA/Interest ratio. Capital Management restrictions also apply which limits payouts to 100% of NPAT pre-significant items.

(d) Net debt

PMP has taken out a cross currency swap to exchange the Euro 9.9 million export financing loan's principal and floating Euro interest payments for an equally valued AUD loan and AUD interest payments. This loan has formed part of the overall PMP Group debt that is hedged to fixed rates. For the purposes of calculating PMP's net debt, the hedged fixed rate Australian obligation of the Euro loan of $12.2 million has been used.

	December 2016 $'000	June 2016 $'000
Cash	**(42,362)**	(54,103)
Corporate bond	**40,000**	40,000
Bank loans repayable in: Euros measured at the exchange rate prevailing at balance date	**14,466**	16,321
Cross currency swap revaluation - adjusted to measure the loan at the hedged fixed rate of the Australian obligation	**(2,259)**	(2,894)
Net debt	**9,845**	(676)

To calculate gross debt, total interest bearing liabilities of $54.5 million is adjusted by $2.3 million being the revaluation of the above Euro loan to the hedged fixed rate.

The fair value measurement principles adopted in this report are consistent with those applied in the PMP Limited Annual Report for the year ended 30 June 2016.

The table on the following page provides an analysis of financial instruments that are measured subsequent to initial recognition of fair value, grouped into Level(s) 1 to 3 based on the degree to which the fair value is observable:

- Level 1 quoted prices (unadjusted) in active markets from identical assets or liabilities;
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable for the asset or liability.

8. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	As at 31 December 2016			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	-	-	-	-
Cross Currency Swaps	-	2,003	-	2,003
Financial derivatives at fair value through profit or loss				
Interest Rate Swaps	-	-	-	-
Total financial derivatives	-	2,003	-	2,003

	As at 30 June 2016			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	-	(1,056)	-	(1,056)
Cross Currency Swaps	-	2,580	-	2,580
Financial derivatives at fair value through profit or loss				
Interest Rate Swaps	-	-	-	-
Total financial derivatives	-	1,524	-	1,524

9. SUBSEQUENT EVENTS

As announced on the 28 October 2016, PMP had entered into an agreement with IPMG Pty Ltd., for the acquisition of all shares in IPMG Pty Ltd. In accordance with the Share Sale Deed, the last condition precedent for the completion of the transaction was satisfied by way of a decision announced by the Australian Competition and Consumer Commission on 17 February 2017. It is expected that the transaction will be completed on 1 March 2017. Completion accounts for the acquired entities and resultant acquisition accounting in the PMP's accounts will be prepared subsequent to the completion of this transaction. This information will be included in PMP's June 2017 Annual Report.

Apart from the matters above, the Directors are not aware of any matters or circumstance arising since balance date not otherwise dealt within this report or the consolidated financial statements, that has significantly affected or may significantly affect the operations of the PMP Group, the results of those operations or the state of affairs of the PMP Group in subsequent years.

Directors' Declaration

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity:

  (i) give a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and

  (ii) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the board

Matthew Bickford-Smith
Director and Chairman

Sydney, 27 February 2017

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The Board of Directors
PMP Limited
Level 12, 67 Albert Avenue
Chatswood NSW 2067

27 February 2017

Dear Directors,

PMP Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PMP Limited.

As lead audit partner for the review of the financial statements of PMP Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

JL Gorton
Partner
Chartered Accountant

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Members of PMP Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PMP Limited, which comprises the condensed statement of financial position as at 31 December 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the PMP Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PMP Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PMP Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PMP Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

JL Gorton
Partner
Chartered Accountants
Sydney, 27 February 2017