PMP LIMITED

Preliminary final report of PMP Limited
for the year ended 30 June 2017

This preliminary final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

Current reporting period:	Financial year ended 30 June 2017
Previous corresponding period:	Financial year ended 30 June 2016

Contents Page

The information contained in this report is to be read in conjunction with the last annual report and any announcements made to the market by PMP Limited during the year.

For more information about PMP Limited, please visit our website at: www.pmplimited.com.au

PMP Limited

ABN 39 050 148 644

Preliminary final report

for the year ending 30 June 2017

Results for announcement to the market

Extracts from this report for announcement to the market.

Revenue, EBITDA and net profit

		Percentage Change %		Amount $'000
Sales revenue	up/(down)	28.9%	to	1,051,483
Revenue	up/(down)	29.0%	to	1,057,622
EBITDA (including significant items)	up/(down)	(383.5%)	to	(110,383)
EBITDA (excluding significant items)	up/(down)	(37.0%)	to	32,232
Net result for the year	up/(down)	-	to	(126,427)

Dividends (Distributions)

A final ordinary dividend for the year ended 30 June 2016 of 2.4 cents per share, unfranked was declared and paid during the year ended 30 June 2017.

Brief explanation of financial results

FY17 resulted in a statutory loss after tax at $126.4 million vs $0.2 million profit in the prior period due to a $19.0 million fall in EBITDA and an increase of $112.8 million in post tax significant items much of which related to undertaking a major restructure of the combined Print business with three sites closing following the merger with IPMG. The major significant items related to employee related costs, non cash impairments of both goodwill and plant & equipment, merger costs and onerous lease provisions.

For the year ended 30 June 2017, PMP's sales at $1,051.5 million were up $235.5 million or 28.9% due to higher sales at both Gordon & Gotch and Print Australia. EBITDA (before significant items) was $32.2 million, a 37% or $19.0 million reduction on prior period as lower profits across the PMP Group more than offset the inclusion of four months of IPMG Print and Marketing Services businesses.

Print Australia sales of $263.0 million were up $63.3 million or 31.7% as four months of IPMG Print sales offset lower volumes and sell prices at PMP Print. EBITDA (pre significant items) at $16.7 million was down $9.7 million as lower sell prices and volumes at PMP Print more than offset four months of IPMG Print profits and integration savings.

Distribution & Marketing Services including Gordon & Gotch had sales of $595.0 million up $114.3 million or 23.8% with Gotch sales up $124.7 million on new contract volumes and new IPMG Marketing Services sales mostly offsetting reductions in Distribution sales down 12% while Griffin tonnes were down 18% on contract losses. EBITDA (pre significant items) was $7.0 million lower as four months of IPMG Marketing Services profits were more than offset by lower outcomes at Distribution and Griffin, while Gotch profits were down $0.2 million.

PMP New Zealand Sales were up $57.9 million or 42.7% after Gotch revenues rose by $60.4 million on new contract wins, while heatset sales dropped on lower volumes and sell prices. EBITDA (pre significant items) was down $2.6 million as higher outcomes at Gotch were offset by lower EBITDA in Print which was impacted by lower sell prices and volumes while tight cost controls provided a partial offset.

Cash flow from operations at $12.5 million negative was down $44.5 million after $41.9 million higher cash significant items. Better working capital outcomes and lower interest expense broadly offset lower EBITDA (before significant items).

New ANZ Working Capital facilites for $65 million were arranged to support the cash spend for the merger integration, at June 2017, it was drawn to $14.8 million.

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

Net tangible assets per security	2017 $	2016 $
Net tangible assets per security	0.43	0.73

Details of entities over which control has been gained or lost

The company gained control over IPMG Holdco Pty Ltd and its subsidiaries on 1 March 2017.

The details of the entities are listed in Note 13.

Information on audit

This report is based upon accounts that are in the process of being audited.

There are no likely disputes or qualifications to the accounts.

Statement of profit or loss and other comprehensive income

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	2016 $'000
Continuing operations			
Sales revenue	2(a), 9	**1,051,483**	815,979
Other revenue	2(a), 9	**6,139**	4,137
Raw materials and consumables used		**(198,627)**	(158,471)
Cost of finished goods sold		**(489,667)**	(323,478)
Employee expenses		**(283,312)**	(219,416)
Outside production services		**(12,784)**	(12,658)
Freight		**(38,840)**	(22,420)
Repairs and maintenance		**(15,659)**	(11,236)
Occupancy costs		**(43,194)**	(18,789)
Other expenses		**(85,922)**	(14,715)
Depreciation and amortisation	2(e), 9	**(28,549)**	(27,914)
Finance costs	3	**(5,087)**	(8,266)
Profit before income tax	2(c)	**(144,019)**	2,753
Income tax expense:			
Current tax expense in respect of the current period		**13,353**	(223)
Deferred tax expense in respect of the current period		**4,239**	(2,345)
Income tax expense	4	**17,592**	(2,568)
Net profit after income tax		**(126,427)**	185
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial (losses)		**278**	(210)
Income tax relating to items that will not be reclassified subsequently		**(83)**	63
		195	(147)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(341)**	4,873
(Loss)/gain on cash flow hedges taken to equity		**1,382**	(1,682)
Income tax relating to items that may be reclassified subsequently		**(408)**	490
		633	3,681
Other comprehensive income/(expense) for the period (net of tax)		**828**	3,534
Total comprehensive profit for the year		**(125,599)**	3,719
Basic earnings per share (cents)	10	**(33.3)**	0.1
Diluted earnings per share (cents)	10	**(32.9)**	0.1
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)	10(a)	**379,850**	322,126

(a) Significant items included within profit before finance costs and income tax ("EBITDA")	2(b)	**(142,615)**	(12,256)
(b) Significant items included within finance costs	2(b)	**-**	(2,333)
Total significant items		**(142,615)**	(14,589)
EBITDA excluding significant items		**32,232**	51,189

Statement of financial position

PMP Limited and its controlled entities
ABN 39 050 148 644

		PMP Group	
		2017	2016
YEAR ENDED 30 JUNE 2017	**NOTES**	**$'000**	$'000
Current assets			
Cash and cash equivalents	11(b)	**54,340**	54,103
Receivables		**117,280**	96,277
Inventories		**106,830**	85,602
Financial assets		**786**	248
Other		**6,565**	2,465
Total current assets		**285,801**	238,695
Non-current assets			
Property, plant and equipment		**175,095**	155,944
Deferred tax assets		**66,782**	49,335
Goodwill and intangible assets		**37,648**	27,514
Financial assets		**1,802**	2,381
Other		**2,914**	3,072
Total non-current assets		**284,241**	238,246
Total assets		**570,042**	476,941
Current liabilities			
Payables		**173,838**	139,371
Interest bearing liabilities - financial institutions	5(a)	**19,842**	2,518
Income tax payable		**29**	12
Financial liabilities		**620**	1,093
Provisions		**47,587**	18,009
Total current liabilities		**241,916**	161,003
Non-current liabilities			
Interest bearing liabilities - financial institutions	5(b)	**53,654**	51,988
Financial liabilities		**-**	12
Provisions		**19,421**	4,519
Total non-current liabilities		**73,075**	56,519
Total liabilities		**314,991**	217,522
Net assets		**255,051**	259,419
Equity			
Contributed equity	6	**482,819**	353,227
Reserves	7	**12,022**	12,063
Accumulated losses		**(239,790)**	(105,871)
Total equity		**255,051**	259,419

Statement of cash flows

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers		**1,191,633**	881,959
Payments to suppliers and employees		**(1,199,806)**	(842,695)
Fee for early termination of corporate bond	2(b), 3	**-**	(1,500)
Interest received		**673**	787
Interest and other costs of finance paid		**(4,887)**	(6,520)
Income tax (paid)/received		**(113)**	(8)
Net cash flow from operating activities	11(a)	**(12,500)**	32,023
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,950)**	(4,232)
Proceeds from sale of property, plant and equipment		**265**	2,398
Acquisition of controlled entity		**11,134**	-
Net cash flow (used in)/provided by investing activities		**9,449**	(1,834)
Cash flows from financing activities			
Repayment of corporate bond	5	**-**	(50,000)
Repayments of borrowings		**(3,848)**	(2,441)
Proceeds from borrowings	5	**14,826**	40,000
Dividends paid to company's shareholders	8	**(7,636)**	(9,715)
Payment for share buy-back	6	**-**	(4,141)
Net cash flow used in financing activities		**3,342**	(26,297)
Net increase in cash held		**291**	3,892
Cash at the beginning of the financial year		**54,103**	49,529
Effects of exchange rate changes on cash		**(54)**	682
Cash at the end of the financial year	11(b)	**54,340**	54,103

Statement of changes in equity

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017

	Attributable to equity holders of PMP Limited					
	Contributed equity $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Share-based payment reserve $'000	Cash flow hedge reserve $'000	Total equity $'000
PMP Group						
At 1 July 2015	356,035	(94,090)	6,618	1,737	241	270,541
Currency translation differences	-	-	4,873	-	-	4,873
Cash flow hedges (net of tax)	-	-	-	-	(1,192)	(1,192)
Defined benefit plan (net of tax)	-	(147)	-	-	-	(147)
Total (expense)/income recognised directly in equity	-	(147)	4,873	-	(1,192)	3,534
Profit for the year	-	185	-	-	-	185
Total comprehensive income/(expense) for the year	-	38	4,873	-	(1,192)	3,719
Dividends ~	-	(9,715)	-	-	-	(9,715)
Share buy-back	(4,141)	-	-	-	-	(4,141)
Share-based payments	1,333	(2,104)	-	(214)	-	(985)
At 30 June 2016	**353,227**	**(105,871)**	**11,491**	**1,523**	**(951)**	**259,419**
At 1 July 2016	353,227	(105,871)	11,491	1,523	(951)	259,419
Currency translation differences	-	(51)	(341)	-	-	(392)
Cash flow hedges (net of tax)	-	-	-	-	974	974
Defined benefit plan (net of tax)	-	195	-	-	-	195
Total income/(expense) recognised directly in equity	-	144	(341)	-	974	777
Profit for the year	-	(126,427)	-	-	-	(126,427)
Total comprehensive income/(expense) for the year	-	(126,283)	(341)	-	974	(125,650)
Dividends ~	-	(7,636)	-	-	-	(7,636)
Shares Issue - Acquisition	128,760	-	-	-	-	128,760
Share-based payments *	832		-	(674)	-	158
At 30 June 2017	**482,819**	**(239,790)**	**11,150**	**849**	**23**	**255,051**

The above table represents the PMP Group position.

~ The above table represents the PMP Group position. At 30 June 2015, a dividend reserve of $50.1 million was created in the parent entity. A final ordinary dividend for the year ended 30 June 2015 was paid on 6 October 2015 and an interim ordinary dividend for the year ended 30 June 2016 was paid on 6 April 2016 from the parent entity dividend reserve. After the 2016 profit of the parent, the dividend reserve has a balance of $40.6 million. Final dividend for the year ended 30 June 2016, $7.636 million was paid on 7 October 2016 and no interim dividend was paid for the year ended 30 June 2017, leaving the balance of $32.9m.

* On 25 August 2016, the performance rights issued in October 2013 to the CEO and eligible executives were vested. The vested rights were settled by the issue of 1,885,815 million shares for $0.832 million, utilising the provision.
On 25 August 2015, the performance rights issued in October 2012 to the CEO and eligible executives were exercised. The vested rights were settled 50% by cash and 50% by the issue of 2.487 million shares for $1.333 million. The difference of ($2.104) million between the amount provided in the share-based payment reserve and settlement of the vested rights was transferred to accumulated losses, in accordance with accounting standards.

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017

Notes to the consolidated financial statements

1 Summary of significant accounting policies

Basis of preparation
This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A.

The financial report does not include all notes of the type normally included within the annual financial report. As a result it should be read in conjunction with the 30 June 2016 financial report of PMP Limited together with any public announcements made by PMP Limited during the financial year ended 30 June 2017.

Statement of compliance
Compliance with IFRS
The financial statements comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that financial statements, comprising the financial statements and notes, thereto comply with International Financial Reporting Standards ('IFRS').

1 Summary of significant accounting policies (continued)

Adoption of new and revised accounting standards
In the current year, PMP Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the year ended 30 June 2017.

In preparing the consolidated financial statements for the year, the Group has applied the changes required by the following *amendments to AASBs*

- *AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'*

- *AASB 2015-1 'Amendments to Australian Accounting Standards - Annual improvements to Australian Accounting Standards 2012-2014 Cycle'*

- *AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure. Initiative: amendments to AASB 101*

Standards and interpretations issued not yet adopted

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 new standard is effective from 1 January 2018 but is available for early adoption. The Group has elected to early adopt from 1 July 2017. Refer to critical estimate section for the impact assessment.

AASB 16 Leases introduces a new accounting model for leases that requires lessees 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 AASB 15 *Revenue from contracts with customers* is also applied. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 16.

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017

1 Summary of significant accounting policies (continued)

At the date of issue of the preliminary final report, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15' and AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2016-5 'Amendments to Australian Accounting Standards - Clarification and Measurement of Share-based Payment Transactions. Amendment to AASB 2	1 January 2018	30 June 2019

Critical accounting estimates, assumptions and judgements

(i) Purchase price accounting for acquisition of IPMG

The initial accounting for the business combination has been completed and provisional amounts agreed. The provisional amounts will be adjusted during the measurement periods or additional assets or liabilities will be recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.
Refer note 14 for further details.

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

The Group determines 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. These include technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless it does not generate inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs. An estimation of the recoverable amount of cash generating units is made by using a value in use model or fair value less costs of disposal. A number of assumptions are made by the Group in this estimation of recoverable amount.

In assessing value in use, the estimated future cash flows, excluding future uncommitted restructurings and associated benefits, are discounted to their present value using a pre-tax discount rate that approximates the weighted average cost of capital for that cash generating unit.

In assessing fair value less costs of disposal, primary consideration is given to external sources of value such as comparable transactions adjusted for costs of disposal, market price in an actively traded market or the best information available to reflect the amount to be obtained from disposal. In the absence of comparable transactions, fair value has been assessed using a discounted cash flow methodology. This is supported by EBITDA multiples which serve as an external cross check. PMP believe that this provides the best indication of the recoverable amount to be obtained from disposal of the cash generating unit at arms length between knowledgeable and willing parties.

1 Summary of significant accounting policies (continued)

Critical accounting estimates, assumptions and judgements (continued)

(iii) 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.

Based on forecasts for the newly merged PMP and IPMG business the Directors expect that the existing recognised Australian tax losses of $34.8 million on the balance sheet will be recouped over a 4-5 year period. Therefore the 2017 Australian tax loss of $50.1 million (tax effect $15 million) will not be recognised. The current year loss is significantly higher than prior years due to the transformation costs incurred as a result of the merger.

These 2017 unrecognised losses of $50.1 million, together with the transfer of around $93.4 million of IPMG tax losses to PMP on 1 March 2017 (and other adjustments), now bring the total unrecognised tax losses to $203.7 million (tax effect $61.1 million).

Despite the non-recognition of these losses on the balance sheet, the losses will remain vailable 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.

The New Zealand deferred tax asset value of $1.7 million, attributable to tax losses (which were partly recouped this year), are expected to be fully recouped over a period of 2 years.

(iv) Fair value measurement and valuation process

PMP has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, PMP determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and relies as little as possible on entity specific inputs. The fair values of all

Details of the inputs to the fair value of financial instruments are included in note 12.

(v) Impact of early adoption of new revenue recognition standard AASB 15

The new revenue recognition standard AASB15 comes into effect for the year ended 30 June 2019. After an initial review of the new standard, PMP has elected to early adopt from 1 July 2017 and the major impact will come from Gordon & Gotch sales. This will take into account only the distribution fee rather than the cover price of the magazines, which more closely reflects the performance obligations vs control aspects of the contracts.

The change does not impact EBITDA as the reduction in sales revenues is mirrored by a commensurate reduction in finished cost of goods sold. The new sales methodology has also been used when discussing the FY17 results for investor presentations, to provide a clearer view of the company’s performance in both the NZ business and the Distribution & Marketing Services division.

While the Gordon & Gotch statutory sales for fiscal 2017 were $557.2 million on the existing basis, the new AASB15 equivalent would have been $69.1 million a reduction of $488.2 million in sales revenue. As such, group sales for FY17 on the new AASB15 basis is $563.3 million. There is also a $488.2 million reduction in finished cost of goods sold, so there is no impact at the EBITDA level.

A final review of the impact of the new standard on other businesses will be undertaken in the coming months. No material impacts are envisaged.

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	2016 $'000
2a Revenue			
Sales revenue		**1,051,483**	815,979
Included in profit before income tax are the following items of other revenue:			
Other income - external		**5,097**	2,740
Rental income		**389**	613
Interest income	3	**653**	784
Total other revenue		**6,139**	4,137
Total revenue	9	**1,057,622**	820,116

		2017 $'000	2016 $'000
2b Significant items			
Included in net profit after income tax are the following significant items of revenue and expense:			
Net loss/(gain) on disposal of plant and equipment and non-current assets classified as held for sale		**-**	224
Net loss/(gain) on disposal of plant and equipment		**337**	-
Restructure initiatives and other one off costs		**53,563**	8,368
Onerous Leases		**20,028**	-
Acquisition Costs - IPMG Group		**8,015**	-
Impairment of intangible assets		**24,590**	-
Impairment of Dick Smith trade receivable		**-**	3,894
(Reversal)/impairment of plant and equipment due to restructure initiatives	2(c), 9(b)	**36,082**	(230)
Fee for early termination of corporate bond	3	**-**	1,500
Write off of prepaid finance costs	3	**-**	833
Aggregate significant items (included in profit before interest and tax)		**142,615**	14,589
Tax benefit associated with significant items		**33,193**	4,671
Adjustment of prior year losses not recognised to actual		**(35)**	111
Tax losses not brought to account		**(15,026)**	(1,841)
Tax benefit		**18,132**	2,941

Significant items have been included in the Statement of profit or loss and other comprehensive income within the following categories:

		2017 $'000	2016 $'000
Sales revenue		**-**	350
Employee expenses		**47,133**	5,707
Freight		**449**	91
Repairs and maintenance		**18**	-
Occupancy costs		**20,241**	-
Other expenses	- Impairment	**60,672**	-
	- Legal and professional fees	**8,886**	-
	- Other expenses	**5,216**	6,108
Finance costs		**-**	2,333
		142,615	14,589

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017		NOTES	PMP Group 2017 $'000	2016 $'000
2c Profit before income tax				
Profit before income tax is arrived at after charging/(crediting) the following items:				
Lease rental expenses - operating leases			**27,822**	21,288
Net foreign exchange gain			**166**	(49)
Share-based payment plans		7	**158**	468
Net loss on disposal of property, plant and equipment			**193**	256
Impairment / (Reversal) of plant and equipment		2(b)	**36,082**	(230)
Impairment of Dick Smith trade receivable		2(b)	**-**	3,894
Bad debt provision movement			**554**	(96)

			2017 $	2016 $
2d Auditors' remuneration				
Auditing the accounts				
Chief entity auditors:	Deloitte Touche Tohmatsu		**526,108**	376,698
Other services				
Deloitte Touche Tohmatsu:	Taxation and related advisory services including for the acquisition of IPMG		**587,803**	147,795
Total auditors' remuneration			**1,113,911**	524,493

		2017 $'000	2016 $'000
2e Depreciation and amortisation			
Depreciation			
Leasehold improvements		**1,212**	1,027
Plant and equipment		**26,410**	26,093
Total depreciation		**27,622**	27,120
Amortisation			
Development and licence costs		**927**	794
Total amortisation		**927**	794
Total depreciation and amortisation		**28,549**	27,914

		2017 $'000	2016 $'000
3 Finance costs			
Interest expense			
Bank loans and overdraft		**5,087**	6,026
Unwind of discount on long term provisions		**-**	29
Total interest expense		**5,087**	6,055
Fee for early termination of corporate bond	2(b)	**-**	1,500
Write off of prepaid finance costs	2(b)	**-**	833
(Gain) on interest rate swaps - realised		**-**	(122)
Total finance costs		**5,087**	8,266
Interest income	2(a)	**(653)**	(784)
Net finance costs		**4,434**	7,482

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017	PMP Group 2017 $'000	2016 $'000
4 Income tax		
(a) Reconciliation of income tax expense		
Profit before income tax	**(144,019)**	2,753
Prima facie income tax expense thereon at 30% (2015: 30%)	**(43,206)**	826
Tax effect of non temporary and other differences:		
Non assessable income	**-**	-
Effect of differences in overseas tax rate	**300**	(136)
Income tax (over) provided in previous year	**80**	(72)
Non deductible items for tax purposes	**10,208**	545
Tax deductible items not in profit	**-**	(436)
Benefit of tax losses not brought to account	**15,026**	1,841
Income tax expense attributable to profit	**(17,592)**	2,568
Major component of income tax expense:		
Current tax expense	**(13,353)**	223
Deferred tax expense	**(4,239)**	2,345
Income tax expense attributable to profit	**(17,592)**	2,568

(b) Deferred tax assets and deferred tax liabilities

At 30 June 2017 there is no recognised or unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of PMP's wholly owned subsidiaries, as the PMP Group has no liability for additional taxation should such amounts be remitted (2016: $nil).

(c) Franking credits	2017 $'000	2016 $'000
The amount of franking credits available:		
Franking account balance as at the end of the financial year at 30% (2015: 30%)	**62,529**	-

Upon the acquisition of the IPMG tax consolidated group franking credits of $62.466 million transferred to the PMP tax consolidated group on 1 March 2017. This balance increased by June 2017 due to $63,000 of franking credits attached to dividends received by group members since March 2017.

(d) Tax consolidation and tax effect accounting by members of the tax consolidated group

Effective 1 July 2003, for the purposes of income taxation, PMP Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. The agreement also provides for the allocation of income tax liabilities between the entities should the head entity default on its obligations. At the balance date the possibility of default is remote. The head entity of the tax consolidation group is PMP Limited.

Members of the Australian tax consolidated group have also entered into a tax funding agreement. The tax funding agreement provides for the allocation of current tax assets and liabilities between wholly owned group members. Each group member of the PMP tax group calculates its current year tax liability on the basis of the stand alone approach. Once each member has calculated its own current year tax liability/tax loss the head entity will then assume these current year tax liabilities/tax losses and be paid/pay compensation for this assumption by way of an intercompany receivable/payable. Allocations under the tax funding agreement are made on a yearly basis.

All 100% owned PMP entities operating in New Zealand are members of the PMP (NZ) Limited tax consolidated group. Although there is no NZ tax funding agreement, PMP (NZ) Limited and its group members have also calculated their current year tax liabilities/tax losses, and PMP (NZ) Limited is paid/pays compensation for this assumption by way of an intercompany receivable/payable on a yearly basis, in the same manner as the Australian tax funding agreement operates.

(e) Tax losses not brought to account	$'000 Gross Current Year	Tax effected
Revenue losses	203,694	61,108
Capital losses	287,293	86,188

The benefit of these revenue losses has not been brought to account as realisation is not probable within 4-5years, refer to Note 1 for details. Revenue losses recognised have increased substantially as $93.4 million of gross losses have been transferred from the IPMG tax consolidated group to the PMP tax consolidated group as at 1 March 2017. In addition the current year tax loss of $50 million has also not been recognised. In addition, capital losses are only able to be used against capital gains and so are not recognised until used in any tax year.

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017		PMP Group 2017 $'000	2016 $'000
5 Interest bearing liabilities			
(a) Current interest bearing liabilities - financial institutions			
Secured			
Bank loans - repayable in:	Euros*	**2,955**	2,968
Equipment Financing		**2,819**	-
Receivable Financing		**14,826**	-
Other			
Prepaid finance costs		**(758)**	(450)
Total current interest bearing liabilities - financial institutions		**19,842**	2,518
(b) Non-current interest bearing liabilities - financial institutions			
Secured			
Bank loans - repayable in:	Euros*	**10,344**	13,353
Equipment Financing		**4,228**	-
Unsecured			
Corporate bond		**40,000**	40,000
Other			
Prepaid finance costs		**(918)**	(1,365)
Total non-current interest bearing liabilities - financial institutions		**53,654**	51,988

* Represents Euro denominated loan of 9.0 million (2016: Euro 10.9 million) measured at the exchange rate prevailing at balance date.

(c) Interest bearing liabilities - facility details

Facility details:	Facility $'000s	Drawn $'000s	Available $'000s
2017			
Secured			
Overdraft facility	**9,758**	**-**	**9,758**
Export finance facility *	**13,299**	**13,299**	**-**
Equipment Financing Facility	**7,047**	**7,047**	**-**
Receivable Financing Facility	**35,000**	**14,826**	**20,174**
Working Capital Facility	**30,000**	**-**	**30,000**
Unsecured			
Corporate Bond	**40,000**	**40,000**	**-**
Total facilities	**135,104**	**75,172**	**59,932**
2016			
Secured			
Overdraft facility	9,793	-	9,793
Revolving facility	16,321	16,321	-
Export finance facility *			
Unsecured			
Corporate Bond	40,000	40,000	-
Total facilities	66,114	56,321	9,793

* Represents the loan measured at the exchange rate prevailing at balance date

5 Interest bearing liabilities (continued)

(d) 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 with next review due by 4 February 2018. 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 a change of control clause.

PMP entered into a Euro 17 million export financing bank loan agreement in February 2013, secured against an offset rotary press. As at 30 June 2017, this loan was fully drawn and after amortisation payments had a balance of Euro 9.0 million. This facility has a maturity date of 30 September 2021 with semi-annual amortisations. The lender is Commerzbank AG.

As a result of the IPMG acquisition, PMP took on a fully secured amortizing $8.5 million Australian Dollar equipment financing floating rate facility. As at 30 June 2017, this loan was fully drawn at $7.0 million. This facility has a maturity date of 23 November 2019 with semi-annual amortisations. The lender is ANZ Banking Group Ltd. The facility is also subject to the warranties and conditions of the agreement during the term of it.

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.

PMP entered into a fully secured $30 million Australia Dollar Working Capital Facility in March 2017. As at 30 June 2017, this loan was undrawn. This facility has a maturity date of 28 February 2018. 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 facility is also subject to the warranties and conditions of the agreement during the term of it including a change of control clause.

PMP entered into a $35 million Australia Dollar Receivables Financing Facility in March 2017. As at 30 June 2017, this loan was drawn to $14.8 million. This facility has a maturity date of 28 February 2018. ANZ Banking Group is the lender. Security pledged involves a charge over certain receivables of PMP Print Pty Ltd, PMP Digital Pty Ltd and PMP Limited. The facility is also subject to the warranties and conditions of the agreement during the term of the facility.

(e) Net debt

PMP has taken out a cross currency swap to exchange the Euro 9.0 million (2016: Euro 10.9 million) export financing loan's principal and floating Euro interest payments for an equally valued AUD loan and AUD interest payments.

This Euro 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 is a net $11.0 million as the Euro bank loan ($13.3 million) is offset by the Cross Currency Swap revaluation ($2.3 million). (2016: $13.4 million which was $16.3 million Euro loan less $2.9 million Cross Currency Swap revaluation).

	PMP Group	
	2017 $'000	2016 $'000
Cash	**(54,340)**	(54,103)
Corporate Bond - repayable in Australian dollars	**40,000**	40,000
Bank loans - repayable in Euros - measured at the exchange rate prevailing at balance date	**13,300**	16,321
Cross currency swap revaluation - adjusted to measure the loan at the hedged fixed rate of the Australian obligation	**(2,314)**	(2,894)
Equipment Financing	**7,047**	-
Receivable Financing	**14,826**	-
Net debt/ (cash)	**18,519**	(676)

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2017

6 Contributed equity

Issued and paid up capital

Movements in ordinary share capital:	2017 Number '000	2016 Number '000	PMP Group 2017 $'000	PMP Group 2016 $'000
Balance as at 1 July - ordinary shares	**318,172**	323,781	**353,227**	356,035
Share movements in respect of:				
- Share-based payments	**1,886**	2,487	**832**	1,333
- Acquisition	**187,970**	-	**128,760**	-
- Share buy-back	**-**	(8,096)	**-**	(4,141)
Balance at 30 June - ordinary shares	**508,028**	318,172	**482,819**	353,227

On 1 March 2017, PMP issued 179,856,110 fully paid ordinary shares in relation to acquisition of IPMG Holdco Pty Ltd (177,970,295) and pursuant to Long Term Incentive Plan following the vesting of performance rights to the eligible executives of PMP (1,885,815). A further 10,000,000 fully paid ordinary shares were issued on 5 May 2017 as part of the settlement of IPMG acquisition.

On 17 September 2015, PMP announced its intention to undertake an on-market buy-back from 23 November 2015 to 30 June 2016. The maximum number of shares that could be bought back would equate to $8.1 million. During this period 8,095,974 shares were bought back which equated to $4.1 million. All shares bought back were cancelled.

Ordinary shares have no par value. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

7 Reserves

	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
Foreign currency translation reserve			
Opening balance		**11,491**	6,618
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities		**(341)**	4,873
Total foreign currency translation reserve		**11,150**	11,491
Share-based payment reserve			
Opening balance		**1,523**	1,737
Movement in reserve relating to:			
- Share-based payment expense	2(c)	**158**	468
- Issue of shares on exercise		**(832)**	(1,333)
- Cash paid on exercise		**-**	(1,333)
- Transfer to accumulated losses		**-**	2,104
- Purchase of shares		**-**	(120)
Total share-based payment reserve		**849**	1,523
Cash flow hedge reserve			
Opening balance		**(951)**	241
Movement in reserve relating to:			
- Cash flow hedge		**1,382**	(1,682)
- Tax effect of cash flow hedge net loss/(gain)		**(408)**	490
Total cash flow hedge reserve		**23**	(951)
Total reserves		**12,022**	12,063

8 Dividends

	2017	2016
Final dividend		
Final dividend for the year ended 30 June 2016 of 2.4 cents, unfranked paid on 7 October 2016	**7,636**	5,873
Interim dividend		
Interim dividend for the year ended 30 June 2017 'nil' (2016: 1.2 cents, unfranked)	**-**	3,842
Total dividends declared	**7,636**	9,715

9 Segmental information

Management has determined the operating segments based on the manner in which 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 group similar operations or geographic locations.

Print Group Australia includes the PMP and IPMG heatset printing businesses. Distribution and Marketing Services includes Distribution Australia, Griffin Press, PMP Digital and the IPMG digital businesses. Gordon and Gotch Australia includes magazines distribution businesses in Australia. New Zealand includes all businesses in Australia.

The results for the period from 1 March 2017 to 30 June 2017 for IPMG Group that was acquired on 1 March 2017 are included in each of the segments of merged PMP Group in the table below.

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

Segment revenue and results

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

(a) Operating Segments

	Print Group Australia		Distribution & Marketing Services		Gordon and Gotch Australia		PMP New Zealand		Corporate		Consolidated	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Revenue												
Sales revenue	**263,019**	200,069	**124,532**	134,920	**470,454**	345,763	**193,478**	135,577	**-**	-	**1,051,483**	816,329
Sales revenue significant item	**-**	(350)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(350)
Other revenue	**9**	-	**2**	-	**4,573**	2,547	**1,002**	993	**553**	597	**6,139**	4,137
Total revenue	**263,028**	199,719	**124,534**	134,920	**475,027**	348,310	**194,480**	136,570	**553**	597	**1,057,622**	820,116
EBITDA* before significant items	**16,721**	26,441	**3,888**	10,617	**2,655**	2,861	**12,420**	14,995	**(3,452)**	(3,725)	**32,232**	51,189
Depreciation and amortisation	**(18,916)**	(17,699)	**(2,768)**	(2,903)	**(681)**	(512)	**(5,833)**	(6,426)	**(351)**	(374)	**(28,549)**	(27,914)
EBIT~ before significant items	**(2,195)**	8,742	**1,120**	7,714	**1,974**	2,349	**6,587**	8,569	**(3,803)**	(4,099)	**3,683**	23,275
Significant items before income tax	**(91,693)**	(7,985)	**(16,738)**	(1,654)	**(38)**	(813)	**(21,614)**	(1,464)	**(12,532)**	(340)	**(142,615)**	(12,256)
Segment EBIT after significant items	**(93,888)**	757	**(15,618)**	6,060	**1,936**	1,536	**(15,027)**	7,105	**(16,335)**	(4,439)	**(138,932)**	11,019
Significant items - Finance costs											**-**	(2,333)
Finance costs											**(5,087)**	(5,933)
Consolidated entity profit before income tax											**(144,019)**	2,753
Income tax (expense)											**17,592**	(2,568)
Net profit after income tax											**(126,427)**	185

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

YEAR ENDED 30 JUNE 2017

9 Segmental information (continued)

(b) Significant items by operating segments

	Print Group Australia		Distribution & Marketing Services		Gordon and Gotch Australia		New Zealand		Corporate		Consolidated	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Significant items of revenue												
Sales revenue	**-**	(350)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(350)
Total segment significant items of revenue	**-**	(350)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(350)
Significant items of expense												
Gain on disposal of plant and equipment, and non-current assets classified as held for sale	**(156)**	(224)	**(7)**	-	**-**	-	**(146)**	-	**(28)**	-	**(337)**	(224)
Restructure initiatives and other one off costs	**(43,341)**	(4,160)	**(5,205)**	(1,654)	**(38)**	(813)	**(348)**	(1,051)	**(4,631)**	(340)	**(53,563)**	(8,018)
Onerous Leases	**(19,376)**	-	**(34)**	-	**-**	-	**(421)**	-	**(197)**	-	**(20,028)**	-
Acquisiton Costs IPMG	**(339)**	-	**-**	-	**-**	-	**-**	-	**(7,676)**	-	**(8,015)**	-
Impairment of Intangible Assets	**-**	-	**(5,206)**	-	**-**	-	**(19,384)**	-	**-**	-	**(24,590)**	-
Reversal/(impairment) of plant and equipment due to restructure initiatives	**(28,481)**	-	**(6,286)**	-	**-**	-	**(1,315)**	230	**-**	-	**(36,082)**	230
Impairment of Dick Smith trade receivable	**-**	(3,251)	**-**	-	**-**	-	**-**	(643)	**-**	-	**-**	(3,894)
Total segment significant items of expense	**(91,693)**	(7,635)	**(16,738)**	(1,654)	**(38)**	(813)	**(21,614)**	(1,464)	**(12,532)**	(340)	**(142,615)**	(11,906)
Total segment significant items before income tax	**(91,693)**	(7,985)	**(16,738)**	(1,654)	**(38)**	(813)	**(21,614)**	(1,464)	**(12,532)**	(340)	**(142,615)**	(12,256)
Significant items - finance costs												
Finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(2,333)	**-**	(2,333)
Total significant items - finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(2,333)	**-**	(2,333)

9 Segmental information (continued)

(c) Other segment information

Geographic Segments

	Australia		New Zealand		Consolidated	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Sales revenue	**858,005**	680,752	**193,478**	135,577	**1,051,483**	816,329
Sales revenue significant item	**-**	(350)	**-**	-	**-**	(350)
Other revenue	**5,137**	3,144	**1,002**	993	**6,139**	4,137
Other revenue significant items	**-**	-	**-**	-	**-**	-
Total revenue	**863,142**	683,546	**194,480**	136,570	**1,057,622**	820,116
Non-current assets (excluding deferred tax assets and defined benefit plan asset)	**187,755**	134,866	**27,759**	52,358	**215,514**	187,224

YEAR ENDED 30 JUNE 2017

10 Earnings per share

	2017 Number '000	2016 Number '000
(a) Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**379,850**	322,126
Effect of dilutive securities:		
Share rights*	**4,372**	5,960
Weighted average number of shares used in the calculation of diluted earnings per share	**384,222**	328,086

* The weighted average number of exercised/ lapsed share rights included is nil (2016: nil)

1,841,820 rights outstanding as at 30 June 2017 are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2017 (2016: 2,409,108). These rights could potentially dilute basic earnings per share in the future.

(b) Earnings

	2017 $'000	2016 $'000
Net profit after income tax	**(126,427)**	185
Profit used in calculating basic and diluted earnings per share	**(126,427)**	185

YEAR ENDED 30 JUNE 2017		NOTES	PMP Group 2017 $'000	2016 $'000
11 Cash flow statement notes				
(a) Reconciliation of cash flow from operating activities to operating profit after income tax				
Operating profit after income tax			**(126,427)**	185
Adjustments for non-cash items:				
Depreciation		2(e)	**27,622**	27,120
Amortisation		2(e)	**927**	794
(Reversal)/impairment of plant and equipment		2(b), 2(c)	**36,082**	(230)
(Credit)/Provision for doubtful debts/bad debts written off			**842**	(976)
Movement in provision for tax			**-**	(1)
Net loss/(gain) on disposal of property, plant and equipment		2(c)	**193**	256
Share-based payment plans		2(c), 7	**159**	468
Non cash superannuation expense			**178**	200
Other non cash items			**33,439**	181
Change in assets and liabilities:				
Accounts receivable	(Increase)		**(21,845)**	(16,468)
Inventories	(Increase)		**(21,228)**	(15,833)
Liabilities	Increase		**65,651**	30,106
Non-current assets	(Increase)/Decrease		**(17,031)**	4,355
Provision for employee benefits	Increase/(Decrease)		**13,038**	(170)
Prepayments	(Increase)/Decrease		**(4,100)**	2,036
Net cash flow from operating activities			**(12,500)**	32,023

(b) Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	PMP Group 2017 $'000	2016 $'000
Cash and cash equivalents	**54,340**	54,103
Total cash and cash equivalents	**54,340**	54,103

YEAR ENDED 30 JUNE 2017

12 Fair value measurement of financial instruments

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 2017.

The following table 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 for 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 for the asset or liability that are not based on observable market data

	As at 30 June 2017			
	Level 1 $000	**Level 2 $000**	**Level 3 $000**	**Total $000**
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	**-**	**(96)**	**-**	**(96)**
Cross Currency Swaps	**-**	**2,064**	**-**	**2,064**
Total financial derivatives	**-**	**1,968**	**-**	**1,968**

	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
Total financial derivatives	-	1,524	-	1,524

13 Details of entities over which control has been gained or lost

The company gained control over IPMG Holdco Pty Ltd and its subsidiries on 1 March 2017.
The entities acquired are listed below.

	Country of Incorporation	Interest held 2017 %
IPMG Holdco Pty Limited	Australia	100
IPMG Subco Pty Limited	Australia	100
Propsea Pty Limited	Australia	100
MJV Pty Limited	Australia	100
Tigerstone Pty Limited	Australia	100
KTAR Pty Limited	Australia	100
PMP Subco No.6 Pty Limited (formerly Glencree Pty Limited)	Australia	100
D. Livingstone Pty Limited	Australia	100
PMP Subco No.2 Pty Limited (formerly Josproud Pty Limited)	Australia	100
PMP Subco No.3 Pty Limited (formerly Lafim Pty Limited)	Australia	100
PMP Subco No.4 Pty Limited (formerly Peter Parker Pty Limited)	Australia	100
IPMG Pty Limited	Australia	100
Hannan Finance Corporation Pty Limited	Australia	100
IPMG Administration Pty Limited	Australia	100
NDD Distribution Pty Limited	Australia	100
Southern Independent Publishers Pty Limited	Australia	100
The Federal Publishing Co Pty Limited	Australia	100
PMP Subco No 1 (F. Hannan Pty Limited)	Australia	100
IPMG Management (No.2) Pty Limited	Australia	100
IPMG Digital Pty Limited	Australia	100
Forty Two International Pty Limited	Australia	100
Holler Australia Pty Ltd	Australia	100
Holler Administration Pty Ltd	Australia	100
IPMG Consulting Pty Limited	Australia	100
MassMedia Studios Pty Ltd (formerly JSA Digital PL)	Australia	100
Max Australia Pty Ltd	Australia	100
Sinnott Bros Pty Ltd	Australia	100
Spectrum Communications Pty Limited	Australia	100
IPMG Singapore Pte Ltd	Singapore	100
Spin Comm Syd Pty	Australia	100
The Gang of 4 Pty Limited	Australia	100
Traction Digital Pty Ltd (formerly MassMedia Studios PL)	Australia	100
Traction Digital Limited	United Kingdom	100
Traction Digital Private Ltd	India	100
The Independent Print Media Group Pty Limited	Australia	100
PMP Subco No.5 Pty Limited (formerly Arklow Pty Limited)	Australia	100
Offset Alpine Printing Group Pty Limited	Australia	100
Kierle Investments Pty Limited	Australia	100
Offset Alpine Printing Pty Limited	Australia	100
Craft Printing Pty Limited	Australia	100
Hannanprint NSW Pty Limited	Australia	100
Hannanprint Victoria Pty Limited	Australia	100
SYNC Communications Management Pty Limited	Australia	100
Warwick Farm Business Park Pty Ltd	Australia	100
Woodox Pty Limited	Australia	100
Inprint Pty Limited	Australia	100
Bolton Print Pty Limited	Australia	100
Inpack Pty Limited	Australia	100
PEP Central Pty Limited	Australia	100

14 Significant information

Summary of acquisition

As announced to the market on 28 October 2016, on 1 March 2017 the Group acquired 100% of IPMG Holdco Pty Ltd and its subsidiaries, a print and digital services group operating in Australia. IPMG operates through various businesses including Hannanprint, Inprint and Offset Alpine. IPMG Group entities acquired by PMP Limited and included in the current consolidated financial statements are listed in controlled entities note 13.

The acquisition was funded by way of 187,970,295 new fully paid ordinary shares in PMP Limited and cash. IPMG shareholders were issued with 187,970,295 (37%) number of PMP Limited fully paid ordinary shares.

(i) Purchase consideration and provisional goodwill on acquisition

	$'000
Shares in PMP Limited	128,760
Cash	6,321
	135,081
Net assets acquired *	100,284
Goodwill on acquisition	34,797
	135,081

* Includes cash and cash equivalents $11,134,010.

(ii) Acquisition costs have been recognised as follows

	$'000
(a) Amounts recognised in current year profit and loss statement under significant items	8,015
(b) Share issue cost recognised in contributed equity	-
(c) Debt issue costs capitalised into borrowings	-
	8,015

(iii) Assets acquired and liabilities assumed at the date of acquisition :

	$'000
Current assets	
Cash and cash equivalents	11,134
Receivables	51,797
Inventories	30,160
Other	1,176
Total current assets	**94,267**
Non-current assets	
Property, plant and equipment	72,647
Deferred tax assets	357
Goodwill and intangible assets	495
Total non-current assets	**73,499**
Total assets	**167,766**
Current liabilities	
Payables	34,726
Interest bearing liabilities - financial institutions	2,819
Income tax payable	158
Financial liabilities	434
Provisions	19,081
Total current liabilities	**57,218**
Non-current liabilities	
Interest bearing liabilities - financial institutions	5,637
Deferred tax liabilities	1,382
Provisions	3,245
Total non-current liabilities	**10,264**
Total liabilities	**67,482**
Net assets	**100,284**

The initial accounting for the acquisition of IPMG Holdco Pty Limited and its subsidiaries has been provisionally determined at the end of the reporting period. For tax purposes, the tax values of IPMG's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

14 Significant information (continued)

(iv) Revenue and profit contribution for 4 months to 30 June 2017:

The revenue generated by the acquired businesses over the four months from 1 March 2017 to 30 June 2017 has been broadly in line with expectations at $105.2 million. If the acquisition occurred on 1 July 2016, the revenue generated by the acquired businesses for the 2017 financial year would have been $339.1 million.

A stand alone Statement of Profit or Loss for the acquired entities for the four month period has not been provided due to the integration into PMP's businesses which commenced immediately following completion on 1 March 2017. This involved three sites closing, production transferring between the various businesses and considerable asset impairments all of which makes it very difficult to provide an underlying performance and therefore a stand alone Statement of Profit or Loss.

15 Contingent liabilities

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

The Company:

- PMP has guaranteed the debts of certain wholly owned Australian controlled entities in accordance with a Deed of Guarantee and class order number 98/1418 issued by the Australian Securities and Investments Commission, which provides relief from the requirement to prepare statutory financial statements.

Related bodies corporate:

- PMP has guaranteed the borrowings of PMP Finance Pty Limited, PMP (NZ) Limited and Hannanprint NSW Pty Limited to facilitate banking arrangements.

- Wholly owned entities in the PMP Group have provided guarantees 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.

16 Subsequent events

Other than the matter raised above, the Directors are not aware of any matters or circumstance arising since 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 PMP Group in subsequent years.