PMP LIMITED

Appendix 4D (rule 4.2A.3)

HALF-YEAR FINANCIAL STATEMENTS
31 December 2017

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)	52.0%	to	398,538
Total revenue	up/(down)	52.1%	to	402,646
EBITDA (excluding significant items)	up/(down)	82.3%	to	20,185
EBITDA (including significant items)	up/(down)	-	to	5,160
Net loss for the period	up/(down)	-	to	(19,540)

Dividends

No dividend was declared or paid during the half-year ended 31 December 2017.

Brief explanation of results

For the six months ended 31 December 2017, PMP made a statutory loss of $19.5 million versus $14.5 million in the prior period. A $9.1 million increase in EBITDA (before significant items) from $136.3 million higher sales was offset by a $8.3 million increase in depreciation and significant items, $1.4 million higher interest expense while income tax expense was up $4.5 million.

For the six months ended 31 December 2017, PMP's EBITDA from operations (before significant items) was $20.2 million, compared to an EBITDA of $11.1 million in the prior period, an increase of $9.1 million or 82.3%. This was primarily due to higher EBITDA at Print Australia (up $7.1 million) due to $132.4 million higher print sales mainly from IPMG and the benefit of $12.7 million of IPMG Marketing Services revenue.

Print Australia EBITDA (before significant items) at $9.5 million was up $7.1 million from $132.4 million higher sales after the inclusion of print heatset revenues (including IPMG) up $134.3 million and a $1.9 million reduction at Griffin Press revenues. EBITDA (before significant items) was $7.1 million up at Print Australia as higher heatset volumes and transformation savings offset direct labour cost rises on small format work and higher power costs. Griffin EBITDA (before significant items) was $0.7 million lower pcp as lower sales offset operational savings.

PMP New Zealand EBITDA (before significant items) of $7.6 million, was down $0.1 million on prior period, as higher profits at Gordon & Gotch, lower input costs and operational savings were offset by lower print sell prices and lower heatset and sheetfed volumes.

Marketing Services EBITDA (before significant items) of $1.8 million, was up $2.2 million on prior period, due to higher profits at Gordon & Gotch as lower operational and administration costs offset lower volumes. Costs at PMP Digital were down and IPMG Digital revenues were included.

Distribution EBITDA (before significant items) of $2.6 million, was down $0.4 million on prior period, as operational and administration savings were offset by lower volumes and sell prices.

Cashflow from operations at minus $12.9 million was $10.8 million less pcp as higher EBITDA before significant items (up $9.1 million on prior period) was offset by unfavourable outcomes for working capital and higher significant items.

Net debt at December 2017 was $32.8 million, $22.9 million higher compared to December 2016 and $14.2 million higher compared to June 2017. Net debt to EBITDA (before significant items) rose from 0.3 times to 0.8 times, with interest cover rising from 4.9 times at December 2016 to 5.6 times.

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

Net tangible assets per security

	December 2017 $	December 2016 $
Net tangible assets per security	0.38	0.66

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 2017

PMP Limited
ABN 39 050 148 644

HALF-YEAR FINANCIAL STATEMENTS
31 December 2017

Contents

PMP LIMITED

Directors' Report

For the half-year ended 31 December 2017.

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 2017, 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 half-year and up to the date of this report:

Matthew Bickford-Smith (Chairman)

Peter George (retired 30 November 2017)

Anthony Cheong (retired 30 September 2017)

Dhun Karai

Michael Hannan

Stephen Anstice

Wai Tang (appointed 10 October 2017)

Terry Sinclair (appointed 10 October 2017)

REVIEW OF OPERATIONS

Sales at $398.5 million were up by $136.3 million or 52.0% on the previous corresponding period ("pcp") mainly due to a $132.4 million rise in revenues at Print Australia after the inclusion of IPMG trading in addition to a $10.6 million increase in Marketing Services revenue again mainly from IPMG partially offset by lower sales at PMP NZ and Distribution.

After performing a more detailed assessment on the smaller revenue streams in line with AASB 15, this resulted in a change in first half revenue recognition for freight recovery received from customers across the business. Previously, it was recognised in freight expense and will now be recognised as sales revenue with a corresponding rise in freight expense so EBITDA will not be impacted.

As set out in the 30 June 2017 Annual Report, PMP, on adoption of AASB 15, has recorded Gordon & Gotch sales on a distribution fee basis which has resulted in lower revenues for both fiscal 2018 and 2017. It has also been restated but no EBITDA impact.

Revenues at Print Australia were $244.7 million up 117.9% or $132.4 million given the higher heatset volumes from the inclusion of the IPMG print business and $1.9 million lower sales at Griffin Press. Heatset print volumes at 135.5k tonnes were up 105% or 69.3k tonnes versus last year.

Distribution sales at $46.2 million is down $1.1 million or 2.3% as new business wins were offset by lower volumes from existing customers and contracts not re-signed and volumes were 1.3% lower.

Marketing Services sales at $43.5 million were up by $10.6 million as higher Digital revenues were offset by lower sales at Gordon & Gotch. Revenues in New Zealand were $64.1 million down $5.6 million due to lower heatset and sheetfed sales while Gotch and Distribution sales were in line year on year.

For the six months ended 31 December 2017, PMP's EBITDA from operations (before significant items) was $20.2 million, compared to an EBITDA of $11.1 million in the prior period, an increase of $9.1 million or 82.3%. This was primarily due to higher EBITDA at Print Australia (up $7.1 million) due to $132.4 million higher print sales mainly from IPMG and the benefit of $12.7 million of IPMG Marketing Services revenue.

Print Australia EBITDA (before significant items) at $9.5 million was up $7.1 million from $132.4 million higher sales after the inclusion of print heatset revenues (including IPMG) up $134.3 million and a $1.9 million reduction at Griffin Press revenues. EBITDA (before significant items) was $7.1 million up at Print Australia as higher heatset volumes and transformation savings offset direct labour cost rises on small format work and higher power costs. Griffin EBITDA (before significant items) was $0.7 million lower pcp as lower sales offset operational savings.

PMP New Zealand EBITDA (before significant items) of $7.6 million, was down $0.1 million on prior period, as higher EBITDA at Gordon & Gotch, lower input costs and operational savings were offset by lower print sell prices and lower heatset and sheetfed volumes.

Marketing Services EBITDA (before significant items) of $1.8 million, was up $2.2 million on prior period, due to higher EBITDA at Gordon & Gotch as lower operational and administration costs offset lower volumes. Costs at PMP Digital were down and IPMG Digital revenues were included.

PMP LIMITED

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Distribution EBITDA (before significant items) of $2.6 million, was down $0.4 million on prior period, as operational and administration savings were offset by lower volumes and sell prices.

Significant items in first half fiscal 2018 were $15.0 million (pre-tax) up $5.9 million vs. prior year. The major items included redundancies and press relocations.

Cashflow from operations at minus $12.9 million was $10.8 million less pcp as higher EBITDA before significant items (up $9.1 million on prior period) was offset by unfavourable outcomes for working capital and higher significant items.

Net debt at December 2017 was $32.8 million, $22.9 million higher compared to December 2016 and $14.2 million higher compared to June 2017. Net debt to EBITDA (before significant items) rose from 0.3 times to 0.8 times, with interest cover rising from 4.9 times at December 2016 to 5.6 times.

SUBSEQUENT EVENTS

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:

	2017 $'000	2016 $'000
No dividends were declared or paid during the half-year ended 31 December 2017 (2016: 2.4 cents, unfranked).	-	7,636

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

Matthew Bickford-Smith
Director and Chairman

Sydney, 27 February 2018

PMP LIMITED

Condensed consolidated statement of profit or loss and other comprehensive income

HALF-YEAR ENDED 31 DECEMBER 2017	NOTES	CONSOLIDATED Half-Year Ended 31 Dec 2017 $'000	Half-Year Ended 31 Dec 2016 (restated) * $'000
Continuing operations			
Revenues	2(i), 5	**402,646**	264,759
Expenses	2(ii)	**(412,794)**	(275,712)
Loss before finance costs and income tax		**(10,148)**	(10,953)
Finance costs	2(iv)	**(3,606)**	(2,250)
LOSS BEFORE INCOME TAX EXPENSE		**(13,754)**	(13,203)
Income tax expense	3	**(5,786)**	(1,301)
LOSS FOR THE PERIOD		**(19,540)**	(14,504)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial gains		**61**	265
Income tax relating to items that will not be reclassified subsequently		**(18)**	(79)
		43	186
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(1,618)**	543
Other		**(4)**	-
(Loss)/Gain on cash flow hedges taken to equity		**(266)**	1,191
Income tax relating to items that may be reclassified subsequently		**81**	(348)
		(1,807)	1,386
Other comprehensive (expense)/income for the period (net of tax)		**(1,764)**	1,572
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(21,304)**	(12,932)
Basic earnings per share (cents)		**(3.8)**	(4.6)
Diluted earnings per share (cents)		**(3.8)**	(4.5)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)		**508,748**	318,172

* On 1 July 2017, PMP Limited adopted AASB 15 *Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial half-year ended 31 December 2016. There was no impact on the loss for the period. Refer to Changes in Accounting Policies.

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 2017	NOTES	CONSOLIDATED		
		AS AT 31 DEC 2017	AS AT 30 JUN 2017	AS AT 31 DEC 2016
		$'000	$'000	$'000
CURRENT ASSETS				
Cash and cash equivalents		**41,122**	54,340	42,362
Receivables		**117,359**	117,280	90,801
Inventories		**105,509**	106,830	85,353
Financial assets		**755**	786	696
Other		**7,350**	6,565	3,510
TOTAL CURRENT ASSETS		**272,095**	285,801	222,722
NON-CURRENT ASSETS				
Property, plant and equipment		**163,310**	175,095	150,395
Deferred tax assets		**63,315**	66,782	47,622
Goodwill and intangible assets		**37,662**	37,648	27,274
Financial assets		**1,853**	1,802	1,852
Other		**2,787**	2,914	3,109
TOTAL NON-CURRENT ASSETS		**268,927**	284,241	230,252
TOTAL ASSETS		**541,022**	570,042	452,974
CURRENT LIABILITIES				
Payables		**171,785**	173,838	138,592
Interest bearing liabilities - financial institutions	7	**23,814**	19,842	2,444
Income tax payable		**-**	29	5
Financial liabilities		**362**	620	545
Provisions		**40,883**	47,587	17,924
TOTAL CURRENT LIABILITIES		**236,844**	241,916	159,510
NON-CURRENT LIABILITIES				
Interest bearing liabilities - financial institutions	7	**51,275**	53,654	50,433
Financial liabilities		**-**	-	-
Provisions		**19,120**	19,421	4,178
TOTAL NON-CURRENT LIABILITIES		**70,395**	73,075	54,611
TOTAL LIABILITIES		**307,239**	314,991	214,121
NET ASSETS		**233,783**	255,051	238,853
EQUITY				
Contributed equity	6	**483,494**	482,819	353,227
Reserves		**9,580**	12,022	13,503
Accumulated losses		**(259,291)**	(239,790)	(127,877)
TOTAL EQUITY		**233,783**	255,051	238,853

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.

PMP LIMITED

Condensed consolidated statement of cash flows

HALF-YEAR ENDED 31 DECEMBER 2017

	CONSOLIDATED	
	Half-Year Ended 2017 $'000	Half-Year Ended 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**657,528**	552,517
Payments to suppliers and employees	**(667,811)**	(552,932)
Interest received	**246**	305
Interest and other costs of finance paid	**(2,878)**	(2,062)
Income taxes (paid)/refund	**(21)**	5
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(12,936)**	(2,167)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(3,240)**	(890)
Proceeds from sale of property, plant and equipment	**2,247**	121
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(993)**	(769)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	**(2,630)**	(1,219)
Proceeds from borrowings	**3,644**	-
Dividends paid to company's shareholders	**-**	(7,636)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**1,014**	(8,855)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(12,915)**	(11,791)
Add opening cash and cash equivalents brought forward	**54,340**	54,103
Effects of exchange rate changes on cash and cash equivalents	**(303)**	50
CLOSING CASH AND CASH EQUIVALENTS	**41,122**	42,362

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.

PMP LIMITED

Condensed consolidated statement of changes in equity

HALF-YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED

31 DECEMBER 2017

	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 2017	**482,819**	**(239,790)**	**11,150**	**849**	**23**	**255,051**
Currency translation differences	-	-	(1,618)	-	-	(1,618)
Cash flow hedges (net of tax)	-	-	-	-	(185)	(185)
Other	-	(4)	-	-	-	(4)
Defined benefit plan (net of tax)	-	43	-	-	-	43
Total expense for the period recognised directly in equity	-	39	(1,618)	-	(185)	(1,764)
Loss for the period	-	(19,540)	-	-	-	(19,540)
Total comprehensive loss for the period	-	(19,501)	(1,618)	-	(185)	(21,304)
Share-based payments	675	-	-	(639)	-	36
At 31 December 2017	**483,494**	**(259,291)**	**9,532**	**210**	**(162)**	**233,783**

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
Loss for the period	-	(14,504)	-	-	-	(14,504)
Total comprehensive loss for the period	-	(14,370)	543	-	843	(12,984)
Dividends ~	-	(7,636)	-	-	-	(7,636)
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.

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.

Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2017

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 PMP Limited's annual financial statements for the year ended 30 June 2017 and any public announcements made by PMP Limited and its controlled entities during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year financial statements have been prepared in accordance with the historical cost convention, except for 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 consistent with those applied by the PMP Group in the 2017 annual financial statements, except for the impact of those described below.

New accounting standards applied for the half-year

The following new standards, amendments to, or interpretation of standards have been issued which applied for the half-year ended 31 December 2017.

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'- Amendment to AASB 112.	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 107, Statement of cashflows'.	1 January 2017	30 June 2018
The following new standard has been early adopted for the half-year.		
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australia 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

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

Changes in accounting policies

Revenue recognition

AASB 15 Revenue from Contracts with Customers establishes a single comprehensive 5-step approach to revenue recognition and supersedes the current revenue guidance under *AASB 118 Revenue*. The steps are as follows:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The standard is effective for annual reporting periods beginning on or after 1 January 2017. The PMP Group has elected to early adopt AASB 15 from 1 July 2017.

The major sources of revenue recognised by PMP Group are commercial printing, letterbox delivery, magazine distribution services, marketing services and digital premedia. The impact of the new standard has been reviewed by the PMP Group and changes to revenue recognition have been identified for magazine distribution services and freight.

The revised standard includes changes to the recognition of income for the Gordon & Gotch magazine distribution business. Under AASB 118 sales revenue was recorded on a gross basis being the full magazine cover price net of returns. Under AASB 15 the performance obligations under the contracts were considered and it was determined that in substance Gordon & Gotch provides a magazine distribution service. This assessment also considered the revised guidance in *AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15* for determining whether Gordon & Gotch is acting as agent or principal, including the removal of credit risk as an indicator of principal. Accordingly sales should be recorded on a net basis with the underlying fee paid by the publishers to distribute the magazines recorded as revenue which is consistent with the performance obligations of the contracts. The PMP Group has applied this amendment retrospectively resulting in a $251,262,000 reduction in sales revenue and a $251,262,000 reduction in cost of finished goods sold for the financial half-year ended 31 December 2016. There was no impact on the loss for the period or the prior period.

The adoption of the standard has also resulted in a change in the recognition of the recovery of freight cost. Under AASB 118 the on charging of freight to customers was treated as a recovery of costs and offset against freight expense. The provision of freight services represents a separate performance obligation to the goods being delivered. AASB 15 requires the amounts invoiced for freight to be presented as revenue.

The PMP Group has applied this amendment retrospectively resulting in a $16,937,000 increase in sales revenue, a $135,000 decrease in other revenue and a $16,802,000 increase in freight expense for the financial half-year ended 31 December 2016. There was no impact on the loss for the period.

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.

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 *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.

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)

Change in segment reporting

The Group applies a 'management approach' to identify its operating segments, based on the information provided to the Group's chief operating decision-makers. This information is used to make decisions about resources to be allocated to the segment and assess their performance. In the six months ended 31 December 2017, the group changed its internal reporting structure after the acquisition of IPMG Holdco Pty Ltd and its subsidiaries. This has resulted in a change to how the Group defines its operating segments. The 2016 comparatives have been adjusted to reflect this change.

Marketing Services Group includes Gordon and Gotch Australia and the digital businesses. Previously Gordon and Gotch Australia was a discrete operating segment and Distribution and the digital businesses were combined. Distribution is now a discrete operating segment. There has been no change to the Print Group Australia and New Zealand operating segments.

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 $9.9 million pertaining to the current half-year's Australian tax loss was not recognised in the financial statements as at 31 December 2017. 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 increased but is still in the range of 4-5 years.
Therefore, the Directors believe that the deferred tax asset value is supportable given the level of forecast future tax profits from the 2019 financial year onwards. This position will be reassessed on an ongoing basis.

The New Zealand deferred tax asset value of $68,000, attributable to tax losses is expected to be fully recouped by the end of 2018.

In total, PMP has $43.2 million of tax effected Australian tax losses incurred since 2013, and $20.3 million of tax effected tax losses transferred from IPMG, which haven't been recognised (total $63.5 million, gross $211.65 million). 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 2017 there has been no impairment of the cash generating units.

While the Print New Zealand/Maxum business unit impairment analysis shows a surplus, the Directors estimate, that if forecast EBITDA reflected in the model were to decrease by 10%, it could result in the aggregate carrying value of this cash generating unit exceeding the recoverable amount in the range of approximately $1 million to $5 million.

While the Print Group Australia business unit impairment analysis shows a surplus which is lower than at June 2017, the Directors estimate, that if forecast EBITDA reflected in the model were to decrease by 10%, the surplus would decrease to approximately $5 million to $10 million.

Refer to the annual financial statements of PMP Limited as at 30 June 2017 for further details of these assumptions.

Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2017

	NOTES	CONSOLIDATED 2017 $'000	2016 $'000
2. REVENUES AND EXPENSES			
(i) Revenues			
Sales revenue			
External sales *		**377,316**	245,299
Freight *		**21,222**	16,937
		398,538	262,236
Other revenue			
Interest	2(iv)	**248**	284
Rental income		**42**	188
Net gain/(loss) on disposal of property, plant and equipment		**2,247**	(140)
Other *		**1,571**	2,191
	5	**402,646**	264,759
(ii) Expenses			
Raw materials and consumables		**(144,549)**	(80,965)
Cost of finished goods sold*		**(389)**	(522)
Employee expenses		**(164,123)**	(114,376)
Outside production services		**(8,432)**	(6,140)
Freight*		**(42,149)**	(34,786)
Repairs and maintenance		**(10,616)**	(6,964)
Occupancy costs		**(14,880)**	(10,014)
Impairment of goodwill, intangibles, plant and equipment	2(iii)	**(361)**	-
Amortisation of intangibles	5	**(290)**	(389)
Depreciation	5	**(15,018)**	(12,495)
Other expenses		**(11,987)**	(9,061)
		(412,794)	(275,712)

(iii) Significant items

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

- Gain/(Loss) on sale of assets	**2,202**	(146)
- Restructure initiatives and other one off costs	**(13,315)**	(6,702)
- Relocation of presses	**(3,551)**	-
- Costs related to merger with IPMG Pty Ltd	**-**	(2,293)
- Impairment	**(361)**	-
Net significant expense items (included in net loss before income tax)	**(15,025)**	(9,141)
Tax benefit associated with significant items	**4,499**	2,041
Tax losses not brought to account	**(9,890)**	(4,436)
Tax loss adjustment prior year	**(263)**	(34)
Tax expense included in net loss after tax	**(5,654)**	(2,429)

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

- Other revenue	**2,202**	-
- Raw materials and consumables used	**(145)**	-
- Employee expenses	**(11,268)**	(5,470)
- Freight	**(520)**	-
- Repairs and maintenance	**(93)**	-
- Occupancy costs	**(915)**	(421)
- Impairment	**(361)**	-
- Other expenses	**(3,925)**	(3,250)
	(15,025)	(9,141)

* On 1 July 2017, PMP Limited adopted AASB 15 *Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial half-year ended 31 December 2016. There was no impact on the loss for the period. Refer to Changes in Accounting Policies.

Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2017 **CONSOLIDATED**

	2017 $'000	2016 $'000
2. REVENUES AND EXPENSES (continued)		
(iv) Finance costs		
Interest expense		
- Bank loans and overdraft	(3,572)	(2,250)
- Unwind of discount on long term provisions	(34)	-
Total interest expense	(3,606)	(2,250)
Total finance cost	(3,606)	(2,250)
Interest received		
- Other corporations and persons	248	284
Net finance costs	(3,358)	(1,966)

3. INCOME TAX

(a) Income tax expense

	2017 $'000	2016 $'000
Loss before income tax	(13,754)	(13,203)
Prima facie income tax credit thereon at 30%	(4,126)	(3,961)
Tax effect of permanent and other differences:		
Income tax (over)/under provided in previous year	(13)	49
Non deductible items for tax purposes	118	823
Non assessable items	(253)	-
Difference/change in overseas tax rate	(93)	(80)
Benefit of tax losses not brought to account	9,890	4,436
Adjustment to prior year tax losses	263	34
	5,786	1,301

(b) Major component of income tax expense

	2017 $'000	2016 $'000
Current tax benefit	(8,614)	(3,175)
Deferred tax expense	14,400	4,476
	5,786	1,301

(c) Tax losses not brought to account

	Gross $'000	Gross $'000
Revenue losses	211,650	75,090
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, PMP (NZ) Limited and Hannanprint NSW Pty 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.

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.

The Group adjusted its segment reporting in the half-year under review due to the acquisition of IPMG Holdco Pty Ltd and its subsidiaries on 1 March 2017 (refer to comments on 'change in segment reporting' contained in Note 1: Basis of preparation of the half-year financial statements). The 2016 comparatives have been adjusted to reflect this change.

Print Group Australia includes all of the Print businesses in Australia namely, Heatset and Griffin Press. Marketing Services Group includes Gordon and Gotch Australia and the digital businesses. New Zealand segment includes all businesses in New Zealand.

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

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

Operating segments	Print Group Australia		Distribution Australia		Marketing Services Group Australia		New Zealand		Corporate		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue												
Sales revenue*	**234,120**	105,754	**40,469**	41,878	**43,221**	32,694	**59,506**	64,973	**-**	-	**377,316**	245,299
Freight *	**10,556**	6,514	**5,758**	5,453	**283**	181	**4,625**	4,789	**-**	-	**21,222**	16,937
Other revenue*	**4**	7	**-**	-	**1,345**	1,884	**347**	537	**210**	241	**1,906**	2,669
Other revenue significant item	**2,202**	-	**-**	-	**-**	-	**-**	(146)	**-**	-	**2,202**	(146)
Total revenue	**246,882**	112,275	**46,227**	47,331	**44,849**	34,759	**64,478**	70,153	**210**	241	**402,646**	264,759
EBITDA ~ before significant items	**9,500**	2,383	**2,597**	2,991	**1,844**	(401)	**7,574**	7,687	**(1,330)**	(1,588)	**20,185**	11,072
Depreciation and amortisation	**(11,461)**	(8,892)	**(20)**	(40)	**(954)**	(784)	**(2,732)**	(3,042)	**(141)**	(126)	**(15,308)**	(12,884)
EBIT ^ before significant items	**(1,961)**	(6,509)	**2,577**	2,951	**890**	(1,185)	**4,842**	4,645	**(1,471)**	(1,714)	**4,877**	(1,812)
Significant items before income tax	**(10,634)**	(5,190)	**(312)**	-	**(1,346)**	(701)	**(152)**	(653)	**(2,581)**	(2,597)	**(15,025)**	(9,141)
Segment EBIT ^ after significant items	**(12,595)**	(11,699)	**2,265**	2,951	**(456)**	(1,886)	**4,690**	3,992	**(4,052)**	(4,311)	**(10,148)**	(10,953)
Finance costs											**(3,606)**	(2,250)
Loss before income tax											**(13,754)**	(13,203)
Income tax expense											**(5,786)**	(1,301)
Net loss after income tax											**(19,540)**	(14,504)

* On 1 July 2017, PMP Limited adopted AASB 15 *Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial half-year ended 31 December 2016. There was no impact on the loss for the period. Refer to Changes in Accounting Policies.

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

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

Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2017

5. SEGMENT INFORMATION (continued)

Geographic segments	Australia		New Zealand		Consolidated	
	Half-Year Ended 31 December 2017					
	2017	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Sales revenue*	**317,810**	180,326	**59,506**	64,973	**377,316**	245,299
Freight*	**16,597**	12,148	**4,625**	4,789	**21,222**	16,937
Other revenue*	**1,559**	2,132	**347**	537	**1,906**	2,669
Other revenue significant item	**2,202**	-	**-**	(146)	**2,202**	(146)
Total revenue	**338,168**	194,606	**64,478**	70,153	**402,646**	264,759

* On 1 July 2017, PMP Limited adopted AASB 15 *Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial half-year ended 31 December 2016. There was no impact on the loss for the period. Refer to Changes in Accounting Policies.

6. CONTRIBUTED EQUITY

CONSOLIDATED

	2017 Number '000	2016 Number '000	**2017 $'000**	2016 $'000
Balance as at 1 July	**508,028**	318,172	**482,819**	353,227
Share-based payments	**2,156**	-	**675**	-
Balance as at 31 December	**510,184**	318,172	**483,494**	353,227

7. INTEREST BEARING LIABILITIES

(a) Current interest bearing liabilities	**December 2017 $'000**	June 2017 $'000
Bank loans repayable in: Euros #	**3,049**	2,955
Equipment financing: Australian dollars	**2,819**	2,819
Receivables financing: Australian dollars	**18,470**	14,826
Other: prepaid finance costs	**(524)**	(758)
Total current interest bearing liabilities	**23,814**	19,842

(b) Non-current interest bearing liabilities		
Bank loans repayable in: Euros #	**9,146**	10,344
Equipment financing: Australian dollars	**2,819**	4,228
Corporate bond: Australian dollars	**40,000**	40,000
Other: prepaid finance costs	**(690)**	(918)
Total non-current interest bearing liabilities	**51,275**	53,654

Represents the Euro denominated loan of EUR 8.0 million at 31 December 2017 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 have a maturity date of 1 March 2019 and are subject to annual reviews with next review due by 31 December 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, including a requirement to maintain a minimum cash balance in total of $17 million and also a change of control clause.

PMP entered into a fully secured $30 million Australia dollar Working Capital Facility in March 2017. As at 31 December 2017, this loan was undrawn. This facility now has a maturity date of 1 March 2019 and has reduced to a limit of $10 million. 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 Australian Dollar Receivables Financing Facility in March 2017. As at 31 December 2017, the loan facility amount was increased to $40 million Australian Dollars and was drawn to $18.5 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 the Print Group Australia entities. The facility is also subject to the warranties and conditions of the agreement during the term of the facility. Subsequent to 31 December 2017, the maturity date of the Receivables Financing Facility was extended to 28 February 2019.

PMP entered into a Euro 17 million export financing loan agreement in February 2013, secured against an offset rotary press. As at 31 December 2017, this loan was fully drawn and after amortisation payments had a balance of Euro 8.0 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 $8.5 million equipment financing facility. As at 31 December 2017, this loan was fully drawn at $5.6 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.

(d) Net debt

PMP has taken out a cross currency swap to exchange the Euro 8.0 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 $9.8 million has been used.

	December 2017 $'000	June 2017 $'000
Cash	**(41,122)**	(54,340)
Corporate bond: Australian dollars	**40,000**	40,000
Bank loans repayable in: Euros measured at the exchange rate prevailing at balance date	**12,195**	13,299
Cross currency swap revaluation - adjusted to measure the loan at the hedged fixed rate of the Australian obligation	**(2,430)**	(2,314)
Equipment Financing: Australian dollars	**5,638**	7,047
Receivables Financing: Australian dollars	**18,470**	14,826
Net debt	**32,751**	18,518

To calculate gross debt, total interest bearing liabilities of $76.3 million is adjusted by $2.4 million being the revaluation of the above Euro loan to the hedged fixed rate.

8. 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 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.

	As at 31 December 2017			
	Level 1 $000	**Level 2 $000**	**Level 3 $000**	**Total $000**
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	-	1	-	1
Cross Currency Swaps	-	2,245	-	2,245
Total financial derivatives	-	2,246	-	2,246

	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

9. BUSINESS COMBINATION

On 1 March 2017, PMP Limited acquired 100% of IPMG Hold Co Pty Ltd and its subsidiaries, a print and digital services group operating in Australia. Details of the purchase, the net assets acquired and goodwill were provisionally disclosed in the annual report of PMP Limited as at 30 June 2017. During the current reporting period further calculations and market valuations have been performed resulting in adjustments been made to acquired receivables, inventory, deferred tax assets, payables, provisions and goodwill arising at the date of acquisition.

Details are as follows:	**December 2017 $000**
Shares in PMP Ltd	128,760
Cash	6,321
Total purchase consideration	135,081
Net assets acquired	100,284
Adjustment to acquired: -	
Receivables	(24)
Inventory	(341)
Deferred tax assets	2,398
Payables	93
Provisions	(2,179)
Revised net assets acquired	100,231
Revised goodwill on acquisition	34,850

As at the date of finalisation of these half-year financial statements the accounting for the acquisition remains provisional pending the availability of further information about circumstances existing at acquisition date.

10. SUBSEQUENT EVENTS

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.

PMP LIMITED

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 2017 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 s303(5) of the *Corporations Act 2001.*

On behalf of the Board

Matthew Bickford-Smith.

Matthew Bickford-Smith
Director and Chairman

Sydney, 27 February 2018

Deloitte.

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

27 February 2018

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 2017, 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.

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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 2017, 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 2017 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 2017 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 2018