

## Appendix 4D (rule 4.2A.3)

HALF-YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2014

### 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)	(7.7%) to	427,291
Total revenue	up/(down)	(7.8%) to	429,584
EBIT (excluding significant items)	up/(down)	(4.8%) to	15,683
EBIT (including significant items)	up/(down)	49.2% to	11,192
Net profit for the period	up/(down)	- to	4,314

Dividends	
No dividends were declared or paid during the half-year ended 31 December 2014 (2013: Nil).	

Brief explanation of results	
<p>For the six months ended 31 December 2014, PMP's EBIT (before significant items) for the half-year was \$15.7 million, a 4.8% or \$0.8 million reduction on the prior period as higher profits at PMP New Zealand and higher revenues at Griffin Press of 26%, along with further transformation savings were offset mainly by lower volumes in heatset print and distribution in Australia. Cash interest paid fell by \$3.0 million from \$7.4 million (including interest rate swap close out costs of \$0.3 million) to \$4.4 million.</p> <p>The group recorded a net profit after tax of \$4.3 million this was up on the corresponding period profit of \$0.8 million. Included in the profit was \$4.5 million of significant expense items which comprised mainly of redundancies and restructuring costs.</p> <p>PMP New Zealand had higher heatset and sheetfed volumes and strong cost outcomes while Griffin Press grew revenues 26% on new contract wins. PMP Australia had lower heatset and distribution volumes and higher property rent expense which was mostly offset by transformation savings, cost controls and lower depreciation.</p> <p>Cash flow from operations at \$14.4 million was up \$0.8 million on last year due to lower significant items and borrowing costs more than offsetting lower EBITDA and higher working capital.</p> <p>Net debt at December 2014 was \$40 million, \$41.3 million lower compared to December 2013 and \$11.7 million lower compared to June 2014. Net debt to EBITDA (pre-significant items) fell from 1.2 times to 0.7 times, with interest cover increasing from 5.1 times at December 2013 to 6.4 times.</p> <p>Refer to ASX announcement for further explanation of the group's results.</p>	

Net tangible assets per security	December 2014 \$	December 2013 \$
Net tangible assets per security	0.76	0.72

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 2014**





# **PMP Limited**

## **ABN 39 050 148 644**

**HALF-YEAR FINANCIAL STATEMENTS**  
**31 DECEMBER 2014**

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### **Contents**

	<b>Page</b>
Directors' Report	3
Condensed consolidated statement of profit or loss and other comprehensive income	5
Condensed consolidated statement of financial position	6
Condensed consolidated statement of cash flows	7
Condensed consolidated statement of changes in equity	8
<b>Notes to the Financial Statements:</b>	
- Note 1: Basis of preparation of the half-year financial statements	9
- Note 2: Revenues and expenses	12
- Note 3: Income tax	13
- Note 4: Contingent assets and liabilities	13
- Note 5: Segment information	14
- Note 6: Contributed equity	15
- Note 7: Interest bearing liabilities	15
- Note 8: Fair value measurement of financial instruments	17
- Note 9: Subsequent events	17
- Directors' Declaration	18
- Auditor's Independence Declaration	19
- Independent Auditor's Review Report	20

## Directors' Report

For the half-year to 31 December 2014.

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 2014, 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 names of the Directors of PMP in office during or since the end of the half-year to 31 December 2014 are:

Matthew Bickford-Smith (Chairman)

Peter George

Peter Margin

Naseema Sparks

Anthony Cheong

### REVIEW OF OPERATIONS

Revenues were \$429.6 million, down \$36.3 million or 7.8% with \$23 million due to lower magazine distribution volumes. For the six months ended 31 December 2014, PMP's EBIT (before significant items) for the half-year was \$15.7 million, a 4.8% or \$0.8 million reduction on the prior period as higher profits at PMP New Zealand and higher revenues at Griffin Press of 26%, along with further transformation savings were offset mainly by lower volumes in heatset print and distribution in Australia. Current year EBIT at PMP NZ benefited from higher heatset and sheefed volumes along with strong cost controls with EBIT (pre significant items) up 17.0% pcp. Griffin Press had higher volumes on new contract wins. PMP Australia had lower catalogue volumes down 6% mainly due to the decision taken not to re-sign negative and low margin contracts, while distribution volumes were down 8%, 3% due to reduced activity from an existing customer and 4% was due to an insolvent customer. Additional cost savings came from transformation and there was lower depreciation. Higher occupancy costs from sale/leaseback and lower onerous lease savings impacted EBIT by \$0.9 million pcp.

Cash interest paid fell by \$3.0 million from \$7.4 million (including interest rate swap close out costs of \$0.3 million) to \$4.4 million.

Net profit after tax (before significant items) was \$7.5 million, up 1.2% on last years' profit of \$7.4 million as lower EBIT was offset by lower borrowing costs. A net profit after tax of \$4.3 million was recorded, (which included \$3.2 million of significant items expense post tax), up on last years' profit of \$0.8 million (which included \$6.6 million of significant items of expense post tax). The significant expense items this year of \$4.5 million consists of redundancies and restructuring costs.

During the 6 months to 31 December 2014, net assets increased by \$10.2 million to \$275.0 million.

Cash flow from operations at \$14.4 million was up \$0.8 million on last year due to lower significant items and borrowing costs more than offsetting lower EBITDA and higher working capital.

Net debt at December 2014 was \$40 million, \$41.3 million lower compared to December 2013 and \$11.7 million lower compared to June 2014. Net debt to EBITDA (pre-significant items) fell from 1.2 times to 0.7 times, with interest cover increasing from 5.1 times at December 2013 to 6.4 times.



## Directors' Report (continued)

### SUBSEQUENT EVENTS

In February 2015, the Company exchanged contracts for the sale/leaseback of our Christchurch property, for net proceeds of NZ\$8.2 million with settlement in June 2015 for a profit of NZ\$3.8 million in the second half of the financial year.

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

### DIVIDENDS

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

	2014 \$'000	2013 \$'000
No dividends were declared or paid during the half-year ended 31 December 2014 (2013: Nil)	-	-

### 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 98/0100 made by the Australian Securities and Investments Commission, the Company has rounded amounts in this report and the accompanying financial statements to the nearest thousand dollars unless specifically stated to be otherwise.

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

Matthew Bickford-Smith  
Director and Chairman

Sydney, 26 February 2015

## Condensed consolidated statement of profit or loss and other comprehensive income

**HALF-YEAR ENDED 31 DECEMBER 2014**
**NOTES**
**CONSOLIDATED**

<b>Half-Year Ended 31 Dec 2014</b>	<b>Half-Year Ended 31 Dec 2013</b>
<b>\$'000</b>	<b>\$'000</b>

**Continuing operations**

Revenues	2(i), 5	429,584	465,873
Expenses	2(ii)	<u>(418,392)</u>	<u>(458,373)</u>
Profit before finance costs and income tax		11,192	7,500
Finance costs	2(iv)	<u>(4,895)</u>	<u>(6,412)</u>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>6,297</b>	<b>1,088</b>
Income tax expense	3	<u>(1,983)</u>	<u>(318)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>4,314</u></b>	<b><u>770</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Defined benefit plan actuarial gains		214	324
Income tax relating to items that will not be reclassified subsequently		<u>(64)</u>	<u>(97)</u>
		150	227
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translation of foreign operations		1,968	5,123
Gain/(Loss) on cash flow hedges taken to equity		4,945	(3,106)
Income tax relating to items that may be reclassified subsequently		<u>(1,462)</u>	<u>911</u>
		5,451	2,928
Other comprehensive income for the period (net of tax)		<u>5,601</u>	<u>3,155</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>9,915</u></b>	<b><u>3,925</u></b>
Basic earnings per share (cents)		1.3	0.2
Diluted earnings per share (cents)		1.3	0.2
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)		323,781	323,781

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 2014	NOTES	CONSOLIDATED		
		AS AT 31 DEC 2014 \$'000	AS AT 30 Jun 2014 \$'000	AS AT 31 DEC 2013 \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		34,697	28,745	21,348
Receivables		88,507	85,125	94,609
Inventories		68,964	75,048	73,302
Financial assets		4,033	-	2,089
Other		9,470	9,359	8,250
		<u>205,671</u>	<u>198,277</u>	<u>199,598</u>
Non-current assets classified as held for sale		4,234	4,136	8,108
<b>TOTAL CURRENT ASSETS</b>		<b>209,905</b>	<b>202,413</b>	<b>207,706</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		195,203	207,393	223,620
Deferred tax assets		54,819	58,197	60,385
Goodwill and intangible assets		28,588	28,415	28,010
Financial assets		3,251	2,610	4,193
Other		3,044	3,626	4,241
		<u>284,905</u>	<u>300,241</u>	<u>320,449</u>
<b>TOTAL ASSETS</b>		<b>494,810</b>	<b>502,654</b>	<b>528,155</b>
<b>CURRENT LIABILITIES</b>				
Payables		110,670	120,825	118,924
Interest bearing liabilities - financial institutions	7	10,625	15,017	28,109
Income tax payable		16	20	30
Financial liabilities		297	2,961	389
Provisions		23,495	25,112	31,631
		<u>145,103</u>	<u>163,935</u>	<u>179,083</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>145,103</b>	<b>163,935</b>	<b>179,083</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest bearing liabilities - financial institutions	7	67,965	68,708	79,511
Deferred tax liabilities		2,531	2,535	1,327
Financial liabilities		79	144	213
Provisions		4,141	2,539	5,514
		<u>74,716</u>	<u>73,926</u>	<u>86,565</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>74,716</b>	<b>73,926</b>	<b>86,565</b>
<b>TOTAL LIABILITIES</b>		<b>219,819</b>	<b>237,861</b>	<b>265,648</b>
<b>NET ASSETS</b>		<b>274,991</b>	<b>264,793</b>	<b>262,507</b>
<b>EQUITY</b>				
Contributed equity	6	356,035	356,035	356,035
Reserves		14,992	9,456	9,885
Accumulated losses		(96,036)	(100,698)	(103,413)
		<u>274,991</u>	<u>264,793</u>	<u>262,507</u>
<b>TOTAL EQUITY</b>		<b>274,991</b>	<b>264,793</b>	<b>262,507</b>

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



## Condensed consolidated statement of cash flows

HALF-YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED

Half-Year Ended 2014 \$'000	Half-Year Ended 2013 \$'000
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### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	470,835	514,536
Payments to suppliers and employees	(452,214)	(493,568)
Interest rate swap close out costs	-	(349)
Interest received	193	95
Interest and other costs of finance paid	(4,379)	(7,044)
Income taxes paid	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>14,435</b>	<b>13,670</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Payments for property, plant and equipment	(2,595)	(3,523)
Proceeds from sale of property, plant and equipment	8	789
Payments for intellectual property and development costs	(78)	-
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(2,665)</b>	<b>(2,734)</b>

### CASH FLOWS FROM FINANCING ACTIVITIES

Net (repayments of)/proceeds from borrowings	(5,988)	(11,361)
Payment of finance lease liabilities	(18)	(28)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(6,006)</b>	<b>(11,389)</b>

### NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,764	(453)
Add opening cash and cash equivalents brought forward	28,745	21,211
Effects of exchange rate changes on cash and cash equivalents	188	590
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>34,697</b>	<b>21,348</b>

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

## Condensed consolidated statement of changes in equity

HALF-YEAR ENDED 31 DECEMBER 2014

### CONSOLIDATED

31 DECEMBER 2014

#### Attributable to equity holders of the parent

	Contributed equity \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Share-based payment reserve \$'000	Cash flow hedge reserve \$'000	Total equity \$'000
<b>At 1 July 2014</b>	356,035	(100,698)	10,037	1,278	(1,859)	264,793
Currency translation differences	-	-	1,968	-	-	1,968
Cash flow hedges (net of tax)	-	-	-	-	3,483	3,483
Defined benefit plan (net of tax)	-	150	-	-	-	150
Total income for the period recognised directly in equity	-	150	1,968	-	3,483	5,601
Profit for the period	-	4,314	-	-	-	4,314
Total comprehensive income for the period	-	4,464	1,968	-	3,483	9,915
Dividends	-	-	-	-	-	-
Share based payments	-	198	-	85	-	283
<b>At 31 December 2014</b>	<b>356,035</b>	<b>(96,036)</b>	<b>12,005</b>	<b>1,363</b>	<b>1,624</b>	<b>274,991</b>

31 DECEMBER 2013

#### Attributable to equity holders of the parent

	Contributed equity \$'000	Accumulated losses (restated) \$'000	Foreign currency translation reserve (restated) \$'000	Share-based payment reserve \$'000	Cash flow hedge reserve \$'000	Total equity (restated) \$'000
<b>At 1 July 2013</b>	356,035	(104,853)	3,887	1,120	2,427	258,616
Currency translation differences	-	-	5,123	-	-	5,123
Cash flow hedges (net of tax)	-	-	-	-	(2,195)	(2,195)
Defined benefit plan (net of tax)	-	227	-	-	-	227
Total income for the period recognised directly in equity	-	227	5,123	-	(2,195)	3,155
Profit for the period	-	770	-	-	-	770
Total comprehensive expense for the period	-	997	5,123	-	(2,195)	3,925
Dividends	-	-	-	-	-	-
Share based payments	-	443	-	(477)	-	(34)
<b>At 31 December 2013</b>	<b>356,035</b>	<b>(103,413)</b>	<b>9,010</b>	<b>643</b>	<b>232</b>	<b>262,507</b>

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 2014

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

### Statement of compliance

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

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

The half-year financial statements should be read in conjunction with the annual financial statements of PMP Limited as at 30 June 2014. It is also recommended that the half-year financial statements be considered together with any public announcements made by PMP Limited and its controlled entities during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

### Basis of preparation

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

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

The accounting policies applied by the PMP Group in these half-year financial statements are the same as those applied by the PMP Group in its annual financial statements as at and for the year ended 30 June 2014, except for the impact of those described below.

### Changes in accounting policies

The PMP Group has adopted all amendments to Australian Accounting Standards which became applicable from 1 July 2014.

#### *Recognition and Measurement*

AASB 13 Fair value measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 requires inclusion of a measure for credit risk in the calculations of assets and liabilities recorded at fair value.

#### AASB 1031 'Materiality' (2013):

Guidance on materiality has been removed from AASB 1031 and cross references inserted to other standards and the Framework for the Preparation and Presentation of Financial Statements where guidance on materiality is located. While this may not change materiality conclusions, rationale and documentation of materiality considerations will change.

# Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

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

### Changes in accounting policies (continued)

**AASB 132 Financial instruments Asset and liability offsetting – amendments to recognition & measurements:**  
Clarifies when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet.

**AASB 135: Recoverable Amounts Disclosure for Non-Financial Assets (amendments):**  
Removes extra disclosure requirements with regard to the measurement of the recoverable amount of impaired assets.

**AASB 139 Financial instruments: Novation of derivatives and continuation of hedge accounting :**  
Provides an exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

There has been no material change in accounting for the financial half-year ended 31 December 2014 as a result of applying these standards.

### Impact of standards issued but not yet applied by the entity

**AASB 9 Financial Instruments** addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 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:**  
Revised contract - based five-step revenue recognition model, which addresses multiple element arrangements and may accelerate or defer revenue recognition. The standard is not applicable until 1 January 2017 but is available for early adoption. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 15.

At the date of authorisation of the financial statements, the following IASB Standards were also in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
- Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	31 December 2015
- Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	31 December 2015
- Narrow-scope amendments to AASB 119 Employee Benefits entitled 'Defined Benefit Plans: Employee Contributions'	1 July 2014	31 December 2015
- AASB 1031 'Materiality' 2014 - 1 'Amendment to Australian Accounting Standards'	1 July 2014	31 December 2015
- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	31 December 2016
- AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	31 December 2016
- Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016	31 December 2016

# Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

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

### 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.

Due to lower transformation costs and significant items in the current year, no tax losses were incurred for the period to 31 December 2014. This has helped reduce the timeframe over which PMP expects to recoup the Australian deferred tax asset of \$34.8 million from between 7 and 8 years to circa 6 years.

The New Zealand deferred tax asset value of \$7.0 million, attributable to tax losses (which were partly recouped this year), are also expected to be fully recouped over a period of 3 to 4 years.

This position will be reassessed on an ongoing basis.

In addition PMP has \$15.8 million tax losses incurred in the 2013 and 2014 financial years which haven't been recognised. Despite the non-recognition of these losses on the balance sheet, the losses will remain 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 the testing carried out at 31 December 2014 there has been no impairment of the cash generating units.

The Directors estimate, that if EBITDA and cash flow reflected in the model were to decrease up to 10%, it is not expected to cause the aggregate recoverable amount of each of the cash generating units to be below their carrying value. Refer to the annual financial statements of PMP Limited as at 30 June 2014 for further details of these assumptions.

## Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

### NOTES

### CONSOLIDATED

2014  
\$'000

2013  
\$'000

## 2. REVENUES AND EXPENSES

### (i) Revenues

#### Sales revenue

External sales 427,291 463,017

#### Other revenue

Interest	2(iv)	215	121
Rental income		1,012	824
Net gain on disposal of property, plant and equipment		2	390
Other		<u>1,064</u>	<u>1,521</u>
	5	<u>429,584</u>	<u>465,873</u>

### (ii) Expenses

Raw materials and consumables		(118,227)	(121,647)
Cost of finished goods sold		(122,857)	(143,329)
Employee expenses		(117,026)	(129,072)
Outside production services		(8,394)	(13,049)
Freight		(8,342)	(9,020)
Repairs and maintenance		(8,809)	(7,539)
Occupancy costs		(11,362)	(8,632)
Impairment of goodwill, intangibles, plant and equipment	2(iii)	(483)	-
Amortisation of intangibles	5	(389)	(313)
Depreciation	5	(15,370)	(16,911)
Other expenses		<u>(7,133)</u>	<u>(8,861)</u>
		<u>(418,392)</u>	<u>(458,373)</u>

### (iii) Significant items

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

- Gain/(Loss) on sale of assets		(4)	480
- Restructure initiatives and other one off costs		(4,004)	(9,453)
- Impairment of plant, equipment and goodwill due to restructure initiatives		(483)	-
- Write off of prepaid finance costs		-	(443)
Net significant expense items (included in net profit/(loss) before income tax)		<u>(4,491)</u>	<u>(9,416)</u>

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

- Other revenue		(4)	480
- Employee expenses		(2,107)	(8,573)
- Occupancy costs		(1,700)	(3)
- Other expenses		(680)	(877)
- Finance costs		-	(443)
		<u>(4,491)</u>	<u>(9,416)</u>

# Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED

2014  
\$'000

2013  
\$'000

## 2. REVENUES AND EXPENSES (continued)

### (iv) Finance costs

Interest expense		
- Bank loans and overdraft	(4,878)	(6,643)
- Unwind of discount on long term provisions	(6)	(5)
- Finance lease charges	(1)	(3)
- Write off of prepaid financing costs	-	(443)
- Gain/loss on interest rate swaps - unrealised	(10)	668
- Gain/loss on interest rate swaps - realised	-	363
- Interest rate swap close out costs	-	(349)
	<u>(4,895)</u>	<u>(6,412)</u>
Interest received		
- Other corporations and persons	215	121
Net finance costs	<u>(4,680)</u>	<u>(6,291)</u>

## 3. INCOME TAX

### (a) Income tax expense

Profit before income tax	<u>6,297</u>	<u>1,088</u>
Prima facie income tax expense thereon at 30%	1,889	326
Tax effect of permanent and other differences:		
Income tax (over)/under provided in previous year	(115)	(141)
Non deductible items for tax purposes	344	204
Difference/change in overseas tax rate	(135)	(71)
	<u>1,983</u>	<u>318</u>

### (b) Major component of income tax expense

Current tax expense	1,917	3,228
Deferred tax expense/(benefit)	66	(2,910)
	<u>1,983</u>	<u>318</u>

### (c) Tax losses not brought to account

	<b>Gross</b>	<b>Gross</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue losses	<u>52,850</u>	<u>44,020</u>
Capital losses	<u>284,081</u>	<u>285,308</u>

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

## 4. CONTINGENT ASSETS AND LIABILITIES

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

### Related bodies corporate

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

## Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

### 5. SEGMENT INFORMATION

#### Description of segments

Management has determined the operating segments based on the manner the Group is structured and managed by the Executive Management Team (EMT). All reports regularly reviewed by the Chief Executive Officer and the EMT are presented on this basis which groups similar operations or geographic locations.

PMP Australia includes all of the Print businesses in Australia namely, Heatset, Directories and Griffin Press and also includes Distribution and Digital Premedia. Gordon and Gotch includes magazine and book distribution businesses in Australia. New Zealand segment includes all businesses in New Zealand.

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

#### Segment revenues and results

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

Operating segments	PMP Australia (excl. G&G)		Gordon and Gotch Australia (G&G)		New Zealand		Corporate		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Revenue</b>										
Sales revenue	218,573	230,258	131,421	149,056	77,297	83,703	-	-	427,291	463,017
Other revenue	31	(48)	1,017	1,465	371	171	878	788	2,297	2,376
Significant items	(4)	480	-	-	-	-	-	-	(4)	480
Total segment revenue	218,600	230,690	132,438	150,521	77,668	83,874	878	788	429,584	465,873
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Total revenue	218,600	230,690	132,438	150,521	77,668	83,874	878	788	429,584	465,873
EBITDA - before significant items	23,444	25,680	786	926	10,121	9,277	(2,909)	(2,186)	31,442	33,697
Depreciation and amortisation	(11,464)	(12,856)	(234)	(106)	(3,728)	(3,810)	(333)	(452)	(15,759)	(17,224)
EBIT before significant items	11,980	12,824	552	820	6,393	5,467	(3,242)	(2,638)	15,683	16,473
Significant items before income tax	(4,437)	(8,019)	(35)	-	(95)	(230)	76	(724)	(4,491)	(8,973)
<b>Segment EBIT after significant items</b>	7,543	4,805	517	820	6,298	5,237	(3,166)	(3,362)	11,192	7,500
Significant items - Finance costs	-	-	-	-	-	-	-	-	-	(443)
Finance costs	-	-	-	-	-	-	-	-	(4,895)	(5,969)
Profit before income tax	-	-	-	-	-	-	-	-	6,297	1,088
Income tax expense	-	-	-	-	-	-	-	-	(1,983)	(318)
<b>Net profit after income tax</b>	-	-	-	-	-	-	-	-	4,314	770

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



## Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

### 5. SEGMENT INFORMATION (continued)

Geographic segments	Australia		New Zealand		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Half-Year Ended 31 December 2014</b>						
Sales revenue	349,994	379,314	77,297	83,703	427,291	463,017
Other revenue	1,926	2,205	371	171	2,297	2,376
Significant items	(4)	480	-	-	(4)	480
<b>Total revenue</b>	<b>351,916</b>	<b>381,999</b>	<b>77,668</b>	<b>83,874</b>	<b>429,584</b>	<b>465,873</b>

### 6. CONTRIBUTED EQUITY

#### CONSOLIDATED

	2014 Number '000	2013 Number '000	2014 \$'000	2013 \$'000
	323,781		356,035	356,035
Share capital reduction	-		-	-
Share buy-back	-		-	-
<b>Balance as at 31 December</b>	<b>323,781</b>	<b>323,781</b>	<b>356,035</b>	<b>356,035</b>

### 7. INTEREST BEARING LIABILITIES

	December 2014 \$'000	June 2014 \$'000
<b>(a) Current interest bearing liabilities</b>		
Bank loans repayable in: New Zealand dollars	7,631	12,120
Bank loans repayable in: Euros *	2,994	2,878
Finance lease liabilities	-	19
<b>Total current interest bearing liabilities</b>	<b>10,625</b>	<b>15,017</b>
<b>(b) Non-current interest bearing liabilities</b>		
Bank loans repayable in: Euros *	17,965	18,708
Corporate bond	50,000	50,000
<b>Total non-current interest bearing liabilities</b>	<b>67,965</b>	<b>68,708</b>

\* Represents the Euro denominated loan of EUR13.9 million, measured at 0.815 the prevailing rate at balance date, which includes the effect of hedging via a cross currency swap. To calculate gross debt per table 7d), above total interest bearing liabilities of \$78.6m is adjusted by \$3.9m being the revaluation of the above Euro loan to the hedged fixed rate

#### (c) Terms and conditions

PMP issued an unsecured \$50 million corporate bond on 23rd October 2013. The bond has a fixed coupon of 8.75% per annum and a four year term.

## Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

### 7. INTEREST BEARING LIABILITIES (continued)

#### (d) Net debt

PMP has taken out a cross currency swap to exchange the Euro 13.9 million export financing loan's principal and floating Euro interest payments for an equally valued AUD loan and AUD interest payments. This loan has formed part of the overall PMP Group debt that is hedged to fixed rates. For the purposes of calculating PMP's net debt, the hedged fixed rate Australian obligation of the Euro loan of \$17.1 million has been used.

	December 2014 \$'000	June 2014 \$'000
Cash	(34,697)	(28,745)
Bank loans repayable in: New Zealand dollars	7,631	12,120
Corporate bond	50,000	50,000
Bank loans repayable in: Euros measured at the exchange rate prevailing at balance date	20,959	21,586
Cross currency swap revaluation - adjusted to measure the loan at the hedged fixed rate of the Australian obligation	(3,870)	(3,276)
Finance lease liabilities	-	18
<b>Net debt</b>	<b>40,023</b>	<b>51,703</b>

## Notes to the Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2014

### 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 2014.

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 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 2014			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
<b>Financial assets being hedge accounted</b>				
Forward foreign exchange contracts	-	3,920	-	3,920
Cross Currency Swaps	-	3,364	-	3,364
<b>Total</b>	-	7,284	-	7,284

<b>Financial liabilities being hedge accounted</b>				
Forward foreign exchange contracts	-	2	-	2
<b>Financial liabilities at fair value through profit or loss</b>				
Interest Rate Swaps	-	374	-	374
<b>Total</b>	-	376	-	376

	As at 30 June 2014			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
<b>Financial assets being hedge accounted</b>				
Forward foreign exchange contracts	-	-	-	-
Cross Currency Swaps	-	2,574	-	2,574
<b>Total</b>	-	2,574	-	2,574

<b>Financial liabilities being hedge accounted</b>				
Cross Currency Swaps	-	2,663	-	2,663
<b>Financial liabilities at fair value through profit or loss</b>				
Interest Rate Swaps	-	406	-	406
<b>Total</b>	-	3,069	-	3,069

### 9. 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.

## 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 2014 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) comply with Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Matthew Bickford-Smith  
Director and Chairman

Sydney, 26 February 2015

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

26 February 2015

Dear Board Members

## 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 2014, 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



T Hynes  
Partner  
Chartered Accountant

## Independent Auditor's Review Report to the Members of PMP Limited

We have reviewed the accompanying half-year financial report of PMP Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated 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 2014 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.

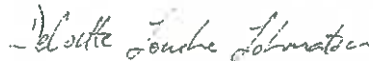
## *Auditor's Independence Declaration*

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.

## *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 consolidated entity's financial position as at 31 December 2014 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



T Hynes

Partner

Chartered Accountants

Sydney, 26 February 2015

