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FULL YEAR EARNINGS AND PRINT AUSTRALIA TRANSFORMATION

Monday 27th August 2012 - The directors of PMP Limited (PMP or the Company) today announced the full year earnings of the Company and provided an update on the planned major restructuring of the Australian Print Business.

Earnings
Earnings before interest and tax (EBIT) and significant items for the year ended 30 June 2012 were $32.7M. This result represents a reduction of 42.3% on the corresponding period last year. The net loss after tax and significant items was $24.5M compared to a loss of $11.3M last year.

Key points:

- Sales down 8.4% on prior period
- EBITDA at $76.5M, down 23.6%
- Net Loss after tax $24.5M vs last year's $11.3M loss
- Net debt at $143.3M, up from $141.0M at June 2011
- Significant items $41.1M

Income Statement
Full Year ended 30 June 2012

$m	2012	2011	Change
Revenue (Operating Revenue)	**1,093.9**	1,194.3	(8.4%)
EBITDA (before significant items)	**76.5**	100.1	(23.6%)
Depreciation & Amortisation	**(43.8)**	(43.4)	
EBIT (before significant items)	**32.7**	56.7	(42.3%)
Borrowing Costs	**(15.7)**	(15.0)	
Borrowing Costs - mark to market	**(2.0)**	0.5	
EBT (before significant items)	**15.0**	42.2	(64.5%)
Income Tax (expense)/ benefit	**(6.2)**	(13.5)	
Net Profit (before significant items)	**8.8**	28.7	(69.3%)
Significant items	**(41.1)**	(52.2)	
Tax on significant items	**7.8**	12.2	
Net profit/(loss) after significant items	**(24.5)**	(11.3)	

Market conditions in the year in review were challenging with falling volumes in publishing and directories being exacerbated by a weak retail market. Margins were under pressure in all businesses with major contracts being fiercely contested. Net debt at year-end was $143.3M compared to $141.0M last year.

Operating Performance

Print Australia
Revenue was down $23.0M or 4.9% due primarily to lower volumes in magazines and directories. EBIT was down $16.0M or 28.8% due to the lower volumes noted above and extreme pressure on margins.

Distribution Australia
EBIT was up 22.5% to $1.4M despite a small decline in revenue. Costs were well controlled but not at the expense of delivery performance.

Gordon and Gotch
Declining volumes of magazines, and higher returns, adversely impacted this business but it remained profitable with a strong emphasis on cost control.

PMP Digital
The current financial year has seen significant progress in developing the business model for PMP's Digital operations. New products are now being built and new services delivered, whilst earnings have been challenged in the last financial year, partly due to soft market conditions, positive results are to be expected.

New Zealand
The transformation plan that commenced in November 2010 was substantially completed in the year in review. Cost savings of $NZ 9.2M were achieved by the reduction of operating sites from 7 to 3 and a workforce reduction of 197. The final stage, the closure of a press in Christchurch, was implemented and completed after year-end. However, the transformation savings were offset by continuing difficult market conditions and higher paper costs due to tsunami related supply disruptions from Japan.

Significant Items
Significant items of $41.1M were recorded in the year under review. Non-cash items totalled $29.5M being predominantly $9.2M for reconfiguration of the Print AU press fleet and G&G NZ goodwill impairments and $19.3M for Directories contract impairment. Cash significant items of $11.6M were mainly redundancy payments.

Australian Transformation Plan

After a detailed review of our Australian Businesses we were able to recently announce a transformation plan targeting in excess of $40M in cost savings. The first phase which has already been implemented will deliver $8M of annualised savings. The second phase yet to be implemented will deliver in excess of $32M annualised savings.

As part of the transformation plan, the Board has decided to sell and leaseback its properties in Australia and New Zealand. Based on valuations received, the company expects to realise cash proceeds of at least $75M with the majority of the funds received used to retire debt and the balance for transformation.

This transformation, once complete, will strategically position PMP to cost effectively serve each of its product markets. PMP's Chief Operating Officer, Peter George will head the program supported by a professional team of experienced executives. This program will deliver not only a significantly reduced cost base but also a more efficient and effective operation aligned to the needs of PMP's customers in a significantly more competitive market place.

PMP CEO, Mr Richard Allely, commented that "This program has a fundamental strategy of lowering the capital intensity of Print Australia and delivers both lower cost of operations and a reduced need for future capital expenditure."

The PMP press fleet will be reduced from 21 to 15 presses. The national print footprint will be maintained with more modern equipment geared to meet customer demand. This will result in a further reduction in employee numbers and the Company is in the process of consulting with unions on this matter.

The second phase of transformation will require cash significant items of $29M (primarily for redundancies) and capital expenditure of $6M for building modifications. After asset sales of $2M, the net cash spend in FY13 is expected to be $33M and this will produce $32M of annualised cost savings. Transformation cost savings will be generated progressively with the expectation that FY13 will achieve savings of circa $10M.

In order to proceed with the transformation, PMP has sought and obtained the necessary amendments to the agreements on debt covenants and waivers to facilitate the cash significant items. In doing so, the company's debt facility has been restructured to an amortising revolving facility and now includes a fixed cover charge ratio.

Board Matters
The Chairman Mr Ian Fraser today announced that he will retire from the Board at the end of the 30 November and will step down as Chairman at the end of the AGM. PMP has a maximum 10 year service policy for non-executive directors and Mr Fraser would have achieved this mark on 4 April 2013. He will succeeded by Mr. Bickford-Smith as Chairman.

Outlook
The year ahead will continue to be challenging for the print market in general, retail volumes are yet to show any significant improvement whilst magazine and directory volumes continue to decline.

PMP's CEO Richard Allely commented that "PMP has moved to very significantly reduce its cost base whilst continuing to deliver quality service to clients. These initiatives will substantially improve the company's competitiveness and reduce its capital intensity."

A market update will be provided at the AGM in November.