

## Market release

8<sup>th</sup> February 2011

### **Print Mail Logistics Limited (“the Company”)**

### **Half Yearly Report and Interim Financial Statements for the Half Year ended 31 December 2010 (“Interim Financial Statements”)**

Reference is made to the Interim Financial Statements released to the National Stock Exchange today being the 8<sup>th</sup> day of February 2011 and in particular, the Statements of Financial Position and Note 1 to the Interim Financial Statements.

At 31 December 2010, the Company was in technical breach of a loan covenant relevant to a finance facility and as a consequence, the entirety of that liability (\$1,280,000) is disclosed as a current interest bearing liability in the Statements of Financial Position in accordance with Australian Accounting Standards including AASB 134: Interim Financial Reporting.

The Company and the lender have discussed the breach. The lender has indicated that subject to a review by them of the Company’s Interim Financial Statements, the lender is unlikely to withhold consent to a favourable variation to the relevant loan covenants.

The Company will, in a timely manner issue a further market release to the National Stock Exchange once the result of the lender’s review is received.

END OF STATEMENT

For further information please contact:

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# FORM: Half yearly/~~preliminary final~~ report

Name of *issuer*

Print Mail Logistics Limited

ACN or ARBN

103 116 856

Half yearly  
(tick)



Preliminary  
final (tick)

Half year/financial year ended  
('Current period')

31 December 2010

## For announcement to the market

Extracts from this statement for announcement to the market (*see note 1*).

Revenue (item 1.1)	up/down	A\$63,116 1.6%	to	A\$3,919,248
Profit (loss) for the period (item 1.9)	up/down	A\$103,597 3.7%	to	(A\$75,916)
Profit (loss) for the period attributable to members of the parent (item 1.11)	up/down	A\$103,597 3.7%	to	(A\$75,916)

Dividends	Current period	Previous corresponding period
Franking rate applicable:	N/A	N/A

<b>Final dividend</b> ( <i>preliminary final report only</i> )(item 10.13-10.14)		
Amount per <i>security</i>	-	-
Franked amount per <i>security</i>	-	-
<b>Interim dividend</b> ( <i>Half yearly report only</i> ) (item 10.11 – 10.12)		
Amount per <i>security</i>	-	-
Franked amount per <i>security</i>	-	-

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Nil

## Consolidated income statement *(The figures are not equity accounted)*

*(see note 3)*

*(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current Period - \$A	Previous corresponding period - \$A
1.1 Revenues <i>(item 7.1)</i>	3,919,248	3,982,364
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(3,907,516)	(3,869,737)
1.3 Finance costs	(171,188)	(151,189)
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	(2,331)	(239)
1.5 <b>Profit (loss) before income tax</b>	<b>(161,787)</b>	<b>(38,801)</b>
1.6 Income tax (expense)/benefit <i>(see note 4)</i>	85,871	66,482
1.7 Profit (loss) from continuing operations	(75,916)	27,681
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 <b>Profit (loss) for the period</b>	<b>(75,916)</b>	<b>27,681</b>
1.10 Profit (loss) attributable to minority interests	-	-
1.11 <b>Profit (loss) attributable to members of the parent</b>	<b>(75,916)</b>	<b>27,681</b>
1.12 Basic earnings per security <i>(item 9.1)</i>	(0.28) cents per share	0.14 cents per share
1.13 Diluted earnings per security <i>(item 9.1)</i>	(0.28) cents per share	0.14 cents per share
1.14 Dividends per security <i>(item 9.1)</i>	Nil	Nil

## Comparison of half-year profits

*(Preliminary final statement only)*

	Current Period - \$A	Previous corresponding period - \$A
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	N/A for the half-year report	N/A for the half-year report
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	N/A for the half-year report	N/A for the half-year report

## Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Current assets		Current Period - \$A	Previous corresponding period - \$A
3.1	Cash and cash equivalents	1,211	(67,388)
3.2	Trade and other receivables	502,282	519,319
3.3	Inventories	111,926	177,396
3.4	Other current assets (provide details if material)	242,695	120,364
3.5	<b>Total current assets</b>	<b>858,114</b>	<b>749,691</b>
Non-current assets			
3.6	Available for sale investments	-	-
3.7	Other financial assets	-	-
3.8	Investments in associates	805,324	807,655
3.9	Deferred tax assets	497,744	414,971
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	-	-
3.11	Development properties (mining entities)	-	-
3.12	Property, plant and equipment (net)	2,753,088	2,964,820
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	-	-
3.16	Other (provide details if material)	-	-
3.17	<b>Total non-current assets</b>	<b>4,056,156</b>	<b>4,187,446</b>
3.18	<b>Total assets</b>	<b>4,914,270</b>	<b>4,937,137</b>
Current liabilities			
3.19	Trade and other payables	662,014	781,375
3.20	Short term borrowings	3,081	60,000
3.21	Current tax payable	-	-
3.22	Short term provisions	146,751	225,056
3.23	Current portion of long term borrowings	1,717,374	1,080,942
3.24	Other current liabilities (provide details if material)	-	-
		2,529,220	2,147,373
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26	<b>Total current liabilities</b>	<b>2,529,220</b>	<b>2,147,373</b>

		Current Period - \$A	Previous corresponding period - \$A
<b>Non-current liabilities</b>			
3.27	Long-term borrowings	536,962	880,482
3.28	Deferred tax liabilities	24,084	27,182
3.29	Long term provisions	117,983	100,163
3.30	Other (provide details if material)	-	-
3.31	<b>Total non-current liabilities</b>	<b>679,029</b>	<b>1,007,827</b>
3.32	<b>Total liabilities</b>	<b>3,208,249</b>	<b>3,155,200</b>
3.33	<b>Net assets</b>	<b>1,706,021</b>	<b>1,781,937</b>
<b>Equity</b>			
3.34	Issued capital	7,884,394	7,884,394
3.35	Other reserves	-	-
3.36	Retained earnings/(accumulated losses)	(6,178,373)	(6,102,457)
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	<b>Parent interest</b>	<b>1,706,021</b>	<b>1,781,937</b>
3.38	<b>Minority interest</b>	<b>-</b>	<b>-</b>
3.39	<b>Total equity</b>	<b>1,706,021</b>	<b>1,781,937</b>

## Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current Period - \$A	Previous corresponding period - \$A
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
4.1 <b>Net income recognised directly in equity</b>	-	-
4.2 <b>Profit for the period</b>	<b>(75,916)</b>	<b>27,681</b>
4.3 <b>Total recognised income and expense for the period</b>		
Attributable to:		
4.4 Members of the parent	-	-
4.5 Minority interest	-	-
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-

# Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

	Current Period - \$A	Previous corresponding period - \$A
<b>Cash flows related to operating activities</b>		
5.1 Receipts from customers	4,269,477	4,501,128
5.2 Payments to suppliers and employees	(4,064,534)	(3,798,258)
5.3 Interest and other costs of finance paid	(109,866)	(100,874)
5.4 Income taxes paid	-	-
5.5 Other (provide details if material)	-	-
5.6 <b>Net cash flow from operating activities</b>	<b>95,076</b>	<b>601,996</b>
<b>Cash flows related to investing activities</b>		
5.7 Payments for purchases of property, plant and equipment	(215,530)	(905,162)
5.8 Proceeds from sale of property, plant and equipment	5,564	-
5.9 Payment for purchases of equity investments	-	-
5.10 Proceeds from sale of equity investments	-	-
5.11 Loans to other entities	-	-
5.12 Loans repaid by other entities	-	-
5.13 Interest and other items of similar nature received	-	-
5.14 Dividends received	-	-
5.15 Other (provide details if material)	-	-
5.16 <b>Net cash used in investing activities</b>	<b>(209,966)</b>	<b>(905,162)</b>
<b>Cash flows related to financing activities</b>		
5.17 Proceeds from issues of securities (shares, options, etc.)	-	3,089,363
5.18 Proceeds from borrowings	1,280,000	-
5.19 Repayment of borrowings	(452,054)	(1,672,229)
5.20 Dividends paid	-	-
5.21 Other (provide details if material)	(750,000)	(250,000)
5.22 <b>Net cash flow from financing activities</b>	<b>77,946</b>	<b>1,167,134</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		
5.23 Cash at beginning of period (see Reconciliations of cash)	(36,944)	47,968
5.24 Exchange rate adjustments to item 5.23	(113,372)	(103,725)
5.25 <b>Cash at end of period</b> (see Reconciliation of cash)	<b>(150,316)</b>	<b>(55,757)</b>

## Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

	Current Period - \$A	Previous corresponding period - \$A
6.1 Profit (Loss) (item 1.9)	(75,916)	27,681
Adjustments for:		
6.2 Depreciation	427,263	342,196
6.3 Interest on Convertible Notes per AASB132	61,303	48,591
6.4 Profit on sale of property, plant and equipment	(5,564)	-
6.5 Gain on foreign currency translation	(11,880)	-
6.6 Share of net loss of associates	2,331	-
6.7 Increase/decrease in trade and other receivables	17,038	4,456
6.8 Increase/decrease in other current assets	(122,332)	115,331
6.9 Increase/decrease in inventories	65,470	47,329
6.10 Increase/decrease in deferred tax	(85,871)	(66,482)
6.11 Increase/decrease in trade creditors	(34,582)	192,916
6.12 Increase/decrease in sundry creditors	(81,698)	(112,982)
6.13 Increase/decrease in employee entitlements	(60,485)	2,960
<b>Net cash from operating activities (item 5.6)</b>	<b>95,076</b>	<b>601,996</b>



## **Notes to the financial statements**

### **Details of revenues and expenses**

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

	Current Period - \$A	Previous corresponding period - \$A
Revenue		
Revenue from ordinary activities	3,919,230	3,980,044
Interest Income	18	2,321
<b>7.1 Total Revenue</b>	<b>3,919,248</b>	<b>3,982,365</b>
Expenses		
Changes in inventories	(65,470)	(47,329)
Raw materials and consumables used	(1,607,628)	(1,569,741)
Employee benefits	(1,229,248)	(1,393,900)
Depreciation and amortisation	(426,918)	(342,196)
Finance costs	(171,188)	(151,189)
other expenses	(578,253)	(516,571)
Share of net profits/(loss) of associate	(2,331)	(239)
<b>7.2 Total Expenses</b>	<b>(4,081,035)</b>	<b>(4,021,165)</b>
<b>Profit (loss) before tax</b>	<b>(161,787)</b>	<b>(38,801)</b>

Ratios	Current Period	Previous corresponding period
<b>Profit before tax / revenue</b>		
Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	(4.13%)	(0.97%)
<b>Profit after tax / equity interests</b>		
Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	(4.45%)	1.81%

## Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

Para 70(a) The numerator is equal to Profit/(Loss) after tax:

Current period: (A\$75,916)

Prior corresponding period: A\$27,681

Para 70(b) The denominator is equal to the weighted average number of ordinary shares on issue:

Current period: 23,203,334

Prior corresponding period: 19,112,518

Para 70(c) Nil.

Para 70(d) There have been no ordinary share transactions or potential ordinary share transactions that have occurred after the reporting date that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period.

Para 70.1(a) Nil.

## Dividends

- 10.1 Date the dividend is payable

N/A

- 10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

N/A

- 10.3 If it is a final dividend, has it been declared?

*(Preliminary final report only)*

- 10.4 The *dividend or distribution plans* shown below are in operation.

Nil

The last date(s) for receipt of election notices to the *dividend or distribution plans*

- 10.5 Any other disclosures in relation to *dividends or distributions*

Nil

**Dividends paid or provided for on all securities***(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.6 Current year interim	Nil	Nil	N/A
10.7 Franked dividends	Nil	Nil	N/A
10.8 Previous year final	Nil	Nil	N/A
10.9 Franked dividends	Nil	Nil	N/A
<b>Dividends proposed and not recognised as a liability</b>			
10.10 Franked dividends	Nil	Nil	N/A

**Dividends per security***(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)*

	Current year	Previous year	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.11 Current year interim	Nil	Nil	N/A
10.12 Franked dividends – cents per share	Nil	Nil	N/A
10.13 Previous year final	Nil	Nil	N/A
10.14 Franked dividends – cents per share	Nil	Nil	N/A
<b>Dividends proposed and not recognised as a liability</b>			
10.15 Franked dividends – cents per share	Nil	Nil	N/A

**Exploration and evaluation expenditure capitalised**

*To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit*

	Current period \$A'000	Previous corresponding period \$A'000
11.1 Opening balance		
11.2 Expenditure incurred during current period		
11.3 Expenditure written off during current period		
11.4 Acquisitions, disposals, revaluation increments, etc.		
11.5 Expenditure transferred to Development Properties		
11.6 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.10)	N/A	N/A

**Development properties**

*(To be completed only by issuers with mining interests if amounts are material)*

	Current period \$A'000	Previous corresponding period \$A'000
12.1 Opening balance		
12.2 Expenditure incurred during current period		
12.3 Expenditure transferred from exploration and evaluation		
12.4 Expenditure written off during current period		
12.5 Acquisitions, disposals, revaluation increments, etc.		
12.6 Expenditure transferred to mine properties		
12.7 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.11)	N/A	N/A

**Discontinued Operations**

*(see note 18)*

*(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)*

	Current period – A\$'000	Previous corresponding period – A\$'000
13.1 Revenue		
13.2 Expense		
13.3 <b>Profit (loss) from discontinued operations before income tax</b>	N/A	N/A
13.4 Income tax expense <i>(as per para 81 (h) of AASB 112)</i>		
13.5 <b>Gain (loss) on sale/disposal of discontinued operations</b>	N/A	N/A
13.6 Income tax expense <i>(as per paragraph 81(h) of AASB 112)</i>	N/A	N/A

## Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$	Previous correspondi ng period – A\$
14.1	<b>Preference securities</b> <i>(description)</i>					
14.2	Balance at start of period					
14.3	a) Increases through issues					
14.4	a) Decreases through returns of capital, buybacks etc.					
14.5	Balance at end of period	N/A	N/A	N/A	N/A	N/A
14.6	<b>Ordinary securities</b> <i>(description)</i>					
14.7	Balance at start of period	27,203,334	27,203,334	\$0.2915	7,931,118	7,931,118
14.8	a) Increases through issues	-	-	-	-	-
14.9	b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10	Balance at end of period	27,203,334	27,203,334	\$0.2915	7,931,118	7,931,118

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$	Previous correspondi ng period – A\$
14.11	<b>Convertible Debt Securities</b>  <i>(description &amp; conversion factor)</i>	During the period the Company paid out all outstanding Convertible Notes.				
14.12	Balance at start of period	3 Notes with a face value of \$750,000 convertible into 375,000 ordinary shares	-	-	\$750,000	\$1,250,000
14.13	a) Increases through issues	-	-	-	-	-
14.14	b) Decreases through maturity, converted.	3 Notes with a face value of \$750,000 convertible into 375,000 ordinary shares	-	-	\$750,000	\$500,000
14.15	Balance at end of period	Nil	-	-	\$0	\$750,000
14.16	<b>Options</b>  <i>(description &amp; conversion factor)</i>					
14.17	Balance at start of period					
14.18	Issued during period					
14.19	Exercised during period					
14.20	Expired during period					
14.21	Balance at end of period	N/A	N/A	N/A	N/A	N/A

	Number issued	Number listed	Paid-up value (cents)	Current period – A\$	Previous correspondi ng period – A\$
14.22 <b>Debentures</b> <i>(description)</i>					
14.23 Balance at start of period					
14.24 a) Increases through issues					
14.25 b) Decreases through maturity, converted					
14.26 Balance at end of period	N/A	N/A	N/A	N/A	N/A
14.27 <b>Unsecured Notes</b> <i>(description)</i>					
14.28 Balance at start of period					
14.29 a) Increases through issues					
14.30 b) Decreases through maturity, converted					
14.31 Balance at end of period	N/A	N/A	N/A	N/A	N/A
14.32 <b>Total Securities</b>	<b>27,203,334</b>	<b>27,203,334</b>	<b>\$0.2915</b>	<b>7,931,118</b>	<b>7,931,118</b>

		Current Period - \$A	Previous corresponding period - \$A
Reserves			
14.33	Balance at start of period	-	-
14.34	Transfers to/from reserves	-	-
14.35	Total for the period	-	-
14.36	Balance at end of period	-	-
14.37	<b>Total reserves</b>	-	-
<b>Retained earnings</b>			
14.38	<b>Balance at start of period</b>	<b>(6,102,457)</b>	<b>(6,194,663)</b>
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Profit for the balance	(75,916)	92,206
14.42	Total for the period	(75,916)	92,206
14.43	Dividends	-	-
14.44	<b>Balance at end of period</b>	<b>(6,178,373)</b>	<b>(6,102,457)</b>



**Details of aggregate share of profits (losses) of associates and joint venture entities***(equity method)**(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)*

Name of associate or joint venture entity

Armstrong Registry Services Limited

Reporting entities percentage holding

30%

		Current period - \$A	Previous corresponding period - \$A
15.1	Profit (loss) before income tax	<b>(7,769)</b>	<b>(797)</b>
15.2	Income tax	-	-
15.3	<b>Profit (loss) after tax</b>	<b>(7,769)</b>	<b>(797)</b>
15.4	Impairment losses	-	-
15.5	Reversals of impairment losses	-	-
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	-	-
15.7	<b>Share of net profit (loss) of associates and joint venture entities</b>	<b>(2,331)</b>	<b>(239)</b>

**Control gained over entities having material effect***(See note 8)*16.1 Name of *issuer* (or *group*)

N/A

		\$A'000
16.2	Consolidated profit (loss) after tax of the <i>issuer</i> (or <i>group</i> ) since the date in the current period on which control was acquired	-
16.3	Date from which profit (loss) in <i>item 16.2</i> has been calculated	-
16.4	Profit (loss) after tax of the <i>issuer</i> (or <i>group</i> ) for the whole of the previous corresponding period	-

**Loss of control of entities having material effect***(See note 8)*

17.1	Name of <i>issuer</i> (or <i>group</i> )	N/A
		\$A'000
17.2	Consolidated profit (loss) after tax of the entity (or <i>group</i> ) for the current period to the date of loss of control	-
17.3	Date from which the profit (loss) in <i>item 17.2</i> has been calculated	-
17.4	Consolidated profit (loss) after tax of the entity (or <i>group</i> ) while controlled during the whole of the previous corresponding period	-
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	-

**Material interests in entities which are not controlled entities***The economic entity has an interest (that is material to it) in the following entities.*

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) ( <i>item 1.9</i> )	
18.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period \$A	Previous corresponding period \$A
	Armstrong Registry Services Limited	30%	30%	(2,331)	(239)
18.2	<b>Total</b>	30%	30%	(2,331)	(239)
18.3	<b>Other material interests</b>			Non equity accounted (i.e. part of <i>item 1.9</i> )	
18.4	<b>Total</b>	-	-	-	-

## Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

	Current period - \$A	Previous corresponding period - \$A
<b>Segments</b>		
Revenue:		
19.1 External sales		
19.2 Inter-segment sales		
19.3 <b>Total</b> (consolidated total equal to <i>item 1.1</i> )		
19.4 Segment result		
19.5 Unallocated expenses		
19.6 <b>Operating profit</b> (equal to <i>item 1.5</i> )		
19.7 Interest expense		
19.8 Interest income		
19.9 Share of profits of associates		
19.10 Income tax expense		
19.11 <b>Net profit</b> (consolidated total equal to <i>item 1.9</i> )		
<b>Other information</b>		
19.12 Segment assets		
19.13 Investments in equity method associates		
19.14 Unallocated assets		
19.15 <b>Total assets</b> (equal to <i>item 3.18</i> )		
19.16 Segment liabilities		
19.17 Unallocated liabilities		
19.18 <b>Total liabilities</b> (equal to <i>item 3.32</i> )		
19.19 Capital expenditure		
19.20 Depreciation		
19.21 Other non-cash expenses		

Refer to attached  
Interim Financial  
Statements – Note  
4 prepared in  
accordance with  
AASB108

Refer to attached  
Interim Financial  
Statements – Note 4  
prepared in  
accordance with  
AASB108

**NTA Backing***(see note 7)*

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	A\$0.063	A\$0.065

**Non-cash financing and investing activities**

*Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.*

21.1	N/A
------	-----

**International Financial Reporting Standards**

*Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity’s first Australian-equivalents-to-IFRS’s financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS’s. See IG63 in the appendix to AASB 1 for guidance.*

22.1	N/A
------	-----

*Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.*

22.2	N/A
------	-----

**Comments by directors**

*Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.*

**Basis of accounts preparation**

*If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]*

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

N/A

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)*

N/A

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

N/A

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

N/A

**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available


**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

--

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/~~does not~~ (delete one) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- ☐ The financial statements have been audited. ☒ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\* (delete one). (Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the *Corporations Act*.)
6. The issuer has/~~does not have~~\* (delete one) a formally constituted audit committee.

Sign here: ..... *Adrian Joseph Perese* ..... Date: *8 February 2011* .....

(Director/Company secretary)

Print name: *Adrian Joseph Perese* .....

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated statement of financial performance**

Item 1.1	The definition of "revenue" is set out in <i>AASB 118: Revenue</i>
Item 1.6	This item refers to the total tax attributable to the amount shown in <i>item 1.5</i> . Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9*.
5. **Consolidated statement of financial position**

**Format** The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting*, and *AASB 101: Presentation of Financial Statements*. Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107*.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution



for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) after tax by more than 5% compared to the previous corresponding period.

9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under ASIC Class Order 98/0100 dated 15 July 2004, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are to be presented in accordance with AASB 101: *Presentation of Financial Statements* or AASB 134: *Interim Financial Reporting* as appropriate and are the unadjusted figures from the last annual or half year report as appropriate. However, if the previously reported figures are adjusted to achieve greater comparability, in accordance with an accounting standard or other reason, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the listing rules for an *issuer* to complete this statement does not prevent the *issuer* issuing statements more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the *Exchange*. For example, a *directors'* report and declaration, if lodged with the ASIC, must be given to the *Exchange*.
13. **Accounting Standards** the *Exchange* will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
14. **Borrowing corporations** This statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards.
15. **Details of expenses** AASB 101: *Presentation of Financial Statements* requires disclosure of expenses according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*. *Issuers* must disclose details of expenses using the layout (by nature or function) employed in their accounts.

The information in *items 7.1 - 7.2* may be provided in an attachment to Appendix 3

**Relevant items** AASB 101: *Presentation of Financial Statements* requires the separate disclosure of specific revenues and expenses which are of a size, nature or incidence that disclosure is *relevant*, as defined in AASB 101, in explaining the financial performance of the *issuer*. There is an equivalent requirement in AASB 134: *Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*.

16. **Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

**17. Discontinuing operations**

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by *paragraph 7.5 (g) of AASB 134: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their accounts in accordance with *AASB 5: Non-current Assets for Sale and Discontinued Operations*

In any case, the information may be provided as an attachment to this Appendix 3

**Print Mail Logistics Limited**  
**ABN 14 103 116 856**

**Interim Financial Statements**  
**for the Half-Year Ended**  
**31 December 2010**

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The interim financial statements were authorised by the Board of directors for issue on 8 February 2011. The Board has the power to amend or reissue the report after it has been issued.

## Corporate Directory

Directors	<p>John W Woods <i>Chairman (Non-executive)</i></p> <p>Nigel B Elias <i>Director (Executive)</i></p> <p>Robert C Cameron <i>Director (Non-executive)</i></p>
Secretaries	<p>Ian B Hopkins Adrian J Pereira</p>
Principal registered office in Australia	<p>Ground Floor, 28-30 Davey Street Hobart TAS 7000 +61 3 6220 8444</p>
State of incorporation	<p>New South Wales</p>
Share Register	<p>Armstrong Registry Services Limited Level 22, 307 Queen Street Brisbane QLD 4000 +61 7 3231 0050</p>
Auditor	<p>Crowe Horwath 120 Edward Street Brisbane QLD 4000</p>
Solicitors	<p>Allens Arthur Robinson Deutsche Bank Place 126 Phillip Street Sydney NSW 2000</p>
Bankers	<p>Australia and New Zealand Banking Group Limited 40 Elizabeth Street Hobart TAS 7000</p> <p>National Australia Bank Limited Level 10, 86 Collins Street Hobart TAS 7000</p>
Stock exchange listings	<p>Print Mail Logistics Limited shares are listed on the National Stock Exchange of Australia (NSX) (Code: PNT).</p>
Website address	<p><a href="http://www.pml.com.au">www.pml.com.au</a></p>

## **Directors' Report**

Your Directors present their report on Print Mail Logistics Limited ("Company") and its controlled entities (collectively referred to as "Consolidated Entity") for the half-year ended 31 December 2010.

### **Directors**

The names of each person who has been a Director of the Company during the year and to the date of this report are:

John W Woods  
Nigel B Elias  
Robert C Cameron

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### **Company Secretaries**

The names of each person who has been a Company Secretary of the Company during the year and to the date of this report are:

Ian B Hopkins  
Adrian J Pereira

### **Review of Operations**

For the half year ended 31 December 2010 the Company recorded a net loss after income tax of \$75,916 (net profit of \$27,681 for the half year ended 31 December 2009).

The net loss after income tax was affected by the following one-off expenses relevant to the refinancing of the Company:

- notional (non-cash) interest on settlement of all convertible notes outstanding at 30 June 2010: \$61,303
- application fees and termination fees: \$20,699.

During the period the Company;

- repaid all convertible notes totalling \$688,697 (with a face value of \$750,000)
- repaid an asset finance loan valued at \$283,833 at 30 June 2010
- accepted a finance facility at an amount of \$1,280,000, repayable over 5 years
- contracted with an interstate council for the printing and distribution of its rates notices

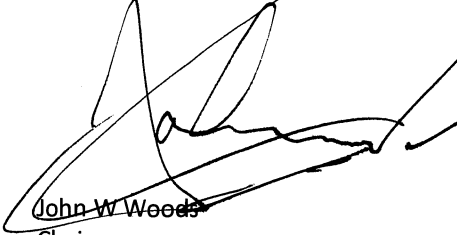
In light of the current business environment your board considers the results of the company to be satisfactory.

## Directors' Report (continued)

### Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 of this report.

Signed in accordance with a resolution of the Board of directors.

A large, stylized handwritten signature in black ink, written over the printed name and title.

John W Woods  
Chairman

8<sup>th</sup> February 2010  
Hobart, Tasmania

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Print Mail Logistics Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2010 there has been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



**Crowe Horwath**



**Vanessa De Waal**  
**Principal**

Signed at Brisbane, 8 February 2011



## Statements of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010	Notes	CONSOLIDATED ENTITY	
		31.12.2010	31.12.2009
		\$	\$
<b>Revenue from continuing operations</b>	2	3,919,248	3,982,364
Changes in inventories of finished goods and work in progress		(65,470)	(47,329)
Raw materials and consumables used		(1,607,628)	(1,569,741)
Employee benefits expense		(1,229,248)	(1,393,900)
Finance costs		(171,188)	(151,189)
Depreciation and amortisation expense		(426,918)	(342,196)
Occupancy expenses		(170,651)	(159,053)
Office and administration expenses		(331,131)	(349,596)
Ordinary expenses		(76,470)	(7,922)
Share of net profits/(loss) of associates		(2,331)	(239)
<b>Profit/(Loss) before income tax</b>		<b>(161,787)</b>	<b>(38,801)</b>
Income tax (expense)/benefit		85,871	66,482
<b>Profit/(Loss) for the half-year from continuing operations</b>		<b>(75,916)</b>	<b>27,681</b>
<b>Profit/(Loss) for the half-year</b>		<b>(75,916)</b>	<b>27,681</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the half-year net of income tax		-	-
<b>Total comprehensive income/(loss) for the half-year</b>		<b>(75,916)</b>	<b>27,681</b>
<b>Profit/(Loss) for the half-year attributable to:</b>			
Owners of the parent entity		(75,916)	27,681
Non-controlling interest		-	-
<b>Profit/(Loss) for the half-year</b>		<b>(75,916)</b>	<b>27,681</b>
<b>Total comprehensive income/(loss) for the half-year attributable to:</b>			
Owners of the parent entity		(75,916)	27,681
Non-controlling interest		-	-
<b>Total comprehensive income/(loss) for the half-year</b>		<b>(75,916)</b>	<b>27,681</b>
<b>Earnings per share and Diluted earnings per share</b>			
From continuing operations:			
Basic and Diluted earnings per share (cents)		(0.28)	0.14
From profit for the half-year:			
Basic and Diluted earnings per share (cents)		(0.28)	0.14

The accompanying notes form part of these financial statements.

**Statements of Financial Position****AS AT 31 DECEMBER 2010****CONSOLIDATED ENTITY****31.12.2010****30.06.2010**

\$

\$

**Current Assets**

Cash and cash equivalents

1,211

(67,388)

Trade and other receivables

502,282

519,319

Inventories

111,926

177,396

Other current assets

242,695

120,364

**Total Current Assets****858,114****749,691****Non-Current Assets**

Investments accounted for using the equity method

805,324

807,655

Deferred tax assets

497,744

414,971

Property, plant and equipment

2,753,088

2,964,820

**Total Non-Current Assets****4,056,156****4,187,446****Total Assets****4,914,270****4,937,137****Current Liabilities**

Trade and other payables

662,014

781,375

Interest bearing liabilities

1,717,374

1,080,942

Non-interest bearing liabilities

3,081

60,000

Short term provisions

146,751

225,056

**Total Current Liabilities****2,529,220****2,147,373****Non-Current Liabilities**

Long term provisions

117,983

100,163

Interest bearing liabilities

536,962

880,482

Deferred tax liability

24,084

27,182

**Total Non-Current Liabilities****679,029****1,007,827****Total Liabilities****3,208,249****3,155,200****Net Assets/(Liabilities)****1,706,021****1,781,937****Equity**

Issued capital

7,884,394

7,884,394

Accumulated losses

(6,178,373)

(6,102,457)

**Total Equity****1,706,021****1,781,937**

The accompanying notes form part of these financial statements.

**Statements of Changes in Equity****FOR THE HALF-YEAR ENDED  
31 DECEMBER 2010**

	Ordinary Shares	Equity Component of Convertible Notes	Total Issued Capital	Accumulated Losses	Total
Consolidated Entity	\$	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	7,470,329	414,065	7,884,394	(6,102,457)	<b>1,781,937</b>
<b>Comprehensive income for the half-year</b>					
Profit/(Loss) for the half-year	-	-	-	(75,916)	<b>(75,916)</b>
<b>Total comprehensive income for the half-year</b>	-	-	-	(75,916)	<b>(75,916)</b>
<b>Transactions with owners recorded directly in equity</b>					
Contributions by owners					
Shares issued	-	-	-	-	-
Transaction costs	-	-	-	-	-
<b>Total contributions by owners</b>	-	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>7,470,329</b>	<b>414,065</b>	<b>7,884,394</b>	<b>(6,178,373)</b>	<b>1,706,021</b>
<b>Balance at 1 July 2009</b>	4,187,679	414,065	4,601,744	(6,193,427)	<b>(1,591,683)</b>
Prior year correction	-	-	-	(1,236)	<b>(1,236)</b>
	4,187,679	414,065	4,601,744	(6,194,663)	<b>(1,592,919)</b>
<b>Comprehensive income for the half-year</b>					
Profit/(Loss) for the half-year	-	-	-	27,681	<b>27,681</b>
<b>Total comprehensive income for the half-year</b>	-	-	-	27,681	<b>27,681</b>
<b>Transactions with owners recorded directly in equity</b>					
Contributions by owners					
Shares issued	3,631,000	-	3,631,000	-	<b>3,631,000</b>
Transaction costs	(541,637)	-	(541,637)	-	<b>(541,637)</b>
<b>Total contributions by owners</b>	<b>3,089,363</b>	-	<b>3,089,363</b>	-	<b>3,089,363</b>
<b>Balance at 31 December 2009</b>	<b>7,277,042</b>	<b>414,065</b>	<b>7,691,107</b>	<b>(6,166,982)</b>	<b>1,524,125</b>

The accompanying notes form part of these financial statements.

## Statements of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Notes	CONSOLIDATED ENTITY	
	31.12.2010	31.12.2009
	\$	\$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	4,269,477	4,501,128
Payments to suppliers and employees	(4,064,534)	(3,798,258)
Finance costs	(109,885)	(103,195)
Interest received	18	2,321
<b>Net Cash Flow From/(Used in) Operating Activities</b>	<b>95,076</b>	<b>601,996</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	5,564	-
Purchase of property, plant and equipment	(215,530)	(905,162)
Payments for investment in associate	-	(816,000)
<b>Net Cash Flow (Used in)/From Investing Activities</b>	<b>(209,966)</b>	<b>(1,721,162)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from share issue	-	3,631,000
Transaction costs	-	(541,637)
Payments for convertible notes paid out	(750,000)	(250,000)
Proceeds from borrowings raised	1,280,000	-
Repayment of borrowings	(452,054)	(1,672,229)
<b>Net Cash Flow From/(Used in) Financing Activities</b>	<b>77,946</b>	<b>1,167,134</b>
Net (Decrease)/Increase in Cash and Cash Equivalents	(36,944)	47,968
Cash and Cash Equivalents at Beginning of Half-year	(113,372)	(103,725)
<b>Cash and Cash Equivalents at End of the Half-year</b>	<b>(150,316)</b>	<b>(55,757)</b>

The accompanying notes form part of these financial statements

## Notes to the Financial Statements

### FOR THE HALF YEAR ENDED 31 DECEMBER 2010

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised by the Board of directors for issue on 8 February 2011. The Board has the power to amend or reissue the interim financial statements after they have been issued.

##### (a) Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

These interim financial statements are intended to provide users with an update on the latest annual financial statements of Print Mail Logistics Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the most recent annual financial statements.

##### (b) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

##### *Going Concern*

As at 31 December 2010, the consolidated entity had a deficiency in working capital (net current assets) of \$1,671,106 (30 June 2010: \$1,397,682) and incurred a net loss for the period after income tax of \$75,916 (31 December 2009: profit \$27,681). At 31 December 2010 the consolidated entity is in technical breach of a loan covenant relevant to a finance facility and as a consequence, the entirety of that liability (\$1,280,000) is disclosed as a current interest bearing liability.

The directors consider that the going concern assumption adopted in the preparation of the half-year financial statements is appropriate and that the consolidated entity will continue to have the resources available for repayment of its financial liabilities as and when they fall due.

The going concern assumption is dependent on the consolidated entity being able to:

- maintain the ratio of trade debtor settlements to trade creditor settlements which existed at the balance date;
- maintain the level of revenue from operating activities consistent with that of prior financial years;
- raise additional funds by way of issuing capital if required; and
- retain the support of its lenders by effectively negotiating the continuation of a finance facility following the technical breach of a loan covenant and complying with the underlying terms and conditions of the finance facility in the future.

The directors and management will continue to adjust its strategies as conditions evolve.

##### *Key estimates – Impairment*

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

## Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

### 2. REVENUE FROM ORDINARY ACTIVITIES

	CONSOLIDATED ENTITY	
	31.12.2010	31.12.2009
	\$	\$
Revenues from operating activities		
<b>Revenue from rendering of services</b>	<b>3,802,074</b>	<b>3,906,467</b>
<b>Revenues from non-operating activities</b>		
Interest received	18	2,321
Proceeds on disposal of property, plant and equipment	5,564	1,100
Carrying value	-	-
Gain on disposal	5,564	1,100
Gain on re-valuation of financial asset	60,000	-
Gain on foreign currency translation	11,880	61,629
Other income	39,712	10,847
<b>Total revenues from non-operating activities</b>	<b>117,174</b>	<b>75,897</b>
<b>Total revenues from ordinary activities</b>	<b>3,919,248</b>	<b>3,982,364</b>

### 3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

There were no dividends paid or provided as at the reporting date (2009: nil).

## Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

### 4. SEGMENT INFORMATION

#### Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of directors (chief operating decision makers) in assessing the performance and determining the allocation of resources.

The consolidated entity is managed primarily on the basis of product category and service offerings since the diversification of the consolidated entity's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

#### Types of products and services by segment

##### *(i) Printing*

The printing segment prepares, prints, finishes and delivers printed material for public and private entities. All products and services are aggregated as one reportable segment as the products and services are similar in nature, they are manufactured and distributed to similar types of customers and they are subject to a similar regulatory environment.

Significant plant and equipment, including computer software, printing and finishing equipment, form the basis of the operating assets in this segment.

The mailing and distribution segment receives products from this segment. Transfer pricing is not applicable between segments given that clients are invoiced on a mutually exclusive basis for goods and services supplied by each segment.

##### *(ii) Mailing and distribution*

The mailing and distribution segment inserts printed material into envelopes and distributes envelopes and printed material both domestically and internationally. Distribution is primarily achieved through the engagement of third party suppliers.

Significant plant and equipment, primarily mail insertion machines, form the basis of the operating assets in this segment.

The mailing and distribution segment receives products from the printing segment. Transfer pricing is not applicable between segments given that clients are invoiced on a mutually exclusive basis for goods and services supplied by each segment.

## Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

### 4. SEGMENT INFORMATION (continued)

#### Basis of accounting for purposes of reporting by operating segments

##### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated entity as detailed in Note 1.

##### *Inter-segment transactions*

Transfer pricing is not applicable between segments given that clients are invoiced on a mutually exclusive basis for goods and services supplied by each segment.

Overhead expenditure is allocated to reporting segments based on the segments' overall proportion of revenue generation within the consolidated entity. The Board of directors believe this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

There are no inter-segment loans receivable or payable.

##### *Segment assets*

Where any asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.



**Notes to the Financial Statements (continued)****FOR THE HALF YEAR ENDED 31 DECEMBER 2010****4. SEGMENT INFORMATION (continued)**

(i) Segment performance

	CONSOLIDATED ENTITY		
	Printing \$	Mailing & Distribution \$	Total \$
<b>Half-Year Ended 31 December 2010</b>			
<b>Revenue</b>			
External sales	2,387,702	1,414,371	3,802,074
Interest revenue	12	7	18
<b>Total segment revenue</b>	<b>2,387,714</b>	<b>1,414,378</b>	<b>3,802,092</b>
<i>Reconciliation of segment revenue to group revenue</i>			
Gain on foreign currency translation			11,880
Gain on re-valuation of financial asset			60,000
Gain/(loss) from sale of plant and equipment			5,564
Other un-allocated income			39,712
Total group revenue			<b>3,919,248</b>
<b>Segment net profit/(loss) before tax</b>	<b>152,003</b>	<b>73,504</b>	<b>225,507</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
Gain on foreign currency translation			11,880
Gain on re-valuation of financial asset			60,000
Other un-allocated income			39,712
Gain on disposal of asset			5,564
Unallocated items:			
Share of net profits/(loss) of associates			(2,331)
Corporate charges			(330,931)
Finance costs			(171,188)
<b>Net profit/(loss) before tax from continuing operations</b>			<b>(161,787)</b>

**Notes to the Financial Statements (continued)****FOR THE HALF YEAR ENDED 31 DECEMBER 2010****4. SEGMENT INFORMATION (continued)**

(i) Segment performance (continued)

	<b>CONSOLIDATED ENTITY</b>		
	<b>Printing</b>	<b>Mailing &amp; Distribution</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Half-Year Ended 31 December 2009</b>			
<b>Revenue</b>			
External sales	2,468,813	1,437,654	3,906,467
Interest revenue	1,467	854	2,321
<b>Total segment revenue</b>	<b>2,470,280</b>	<b>1,438,508</b>	<b>3,908,788</b>
<i>Reconciliation of segment revenue to group revenue</i>			
Gain on foreign currency translation			61,629
Gain/(loss) from sale of plant and equipment			1,100
Other un-allocated income			10,847
Total group revenue			<b>3,982,364</b>
<b>Segment net profit before tax</b>	<b>236,015</b>	<b>84,569</b>	<b>320,584</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
Gain/(loss) on foreign currency translation			61,629
Other un-allocated income			10,847
Gain on disposal of asset			1,100
Unallocated items:			
Share of net profits/(loss) of associates			(239)
Corporate charges			(281,533)
Finance costs			(151,189)
<b>Net profit/(loss) before tax from continuing operations</b>			<b>(38,801)</b>

## Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

### 4. SEGMENT INFORMATION (continued)

(ii) Segment assets

	CONSOLIDATED ENTITY		
	Printing \$	Mailing & Distribution \$	Total \$
<b>As At 31 December 2010</b>			
<b>Segment assets</b>	2,558,835	163,511	2,722,346
	<b>2,558,835</b>	<b>163,511</b>	2,722,346
Additions to Segment Assets			
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets			888,856
Deferred tax assets			497,744
Investment in associates			805,324
<b>Total group assets from continuing operations</b>			<b>4,914,270</b>

	CONSOLIDATED ENTITY		
	Printing \$	Mailing & Distribution \$	Total \$
<b>As At 30 June 2010</b>			
<b>Segment assets</b>	2,798,336	220,971	3,019,307
	<b>2,798,336</b>	<b>220,971</b>	3,019,307
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets			695,204
Deferred tax assets			414,971
Investment in associates			807,655
<b>Total group assets from continuing operations</b>			<b>4,937,137</b>

**Notes to the Financial Statements (continued)****FOR THE HALF YEAR ENDED 31 DECEMBER 2010****5. MATERIAL EVENTS & TRANSACTIONS***Issued Capital*

There was no change to the number of ordinary shares on issue during the period. During the prior period the Company listed on the National Stock Exchange of Australia and raised \$3,631,000 by way of issuing 12,103,334 ordinary shares in accordance with the Prospectus dated 17 August 2009. The share issue, together with the cost of the issue, is accounted for in equity as follows:

	<b>Consolidated</b>	
	<b>31.12.2010</b>	<b>30.06.2010</b>
	\$	\$
Ordinary shares	7,818,679	7,818,679
Transaction costs	(348,350)	(348,350)
Convertible notes recognised in equity	414,065	414,065
Issued Capital	<u>7,884,394</u>	<u>7,884,394</u>

The movement in the number of shares on issue is accounted for as follows:

	<b>Consolidated</b>	
	<b>Number of shares on issue</b>	
	<b>31.12.2010</b>	<b>30.06.2010</b>
<b>Movement in ordinary shares on issue</b>		
Ordinary shares on hand at beginning of period	27,203,334	15,100,000
Issued during the period	-	12,103,334
Ordinary shares on hand at end of period	<u>27,203,334</u>	<u>27,203,334</u>

*Plant and equipment*

During the period the Company purchased and installed plant and equipment totalling \$215,530. There are no amounts payable in respect to plant and equipment purchased.

**6. SUBSEQUENT EVENTS**

There are no subsequent events to report.

**7. CONTINGENT ASSETS AND LIABILITIES**

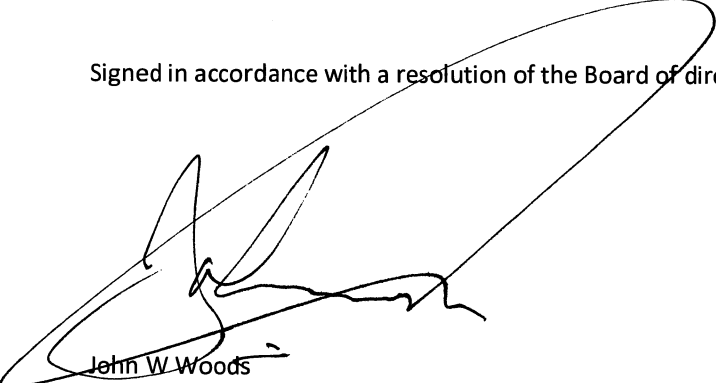
There are no contingent assets or liabilities to report.

## Directors' Declaration

In accordance with a resolution of the directors of Print Mail Logistics Limited, I state that, in the opinion of the directors:

- (a) the financial statements and the notes of the company, as set out on pages 7 to 18, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the period ended on that date;
  - (ii) complying with Accounting Standard AASB134: *Interim Financial Reporting*; 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 Board of directors of Print Mail Logistics Limited.



John W Woods  
Chairman

8<sup>th</sup> February 2010  
Date  
Hobart, Tasmania

# Independent Auditor's Review Report

To the members of Print Mail Logistics Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Print Mail Logistics Limited, which comprises the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other 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.

## Directors' Responsibility for the Half-Year Financial Report

The directors of Print Mail Logistics Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## 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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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 Print Mail Logistics 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.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

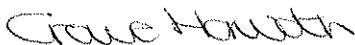
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**Conclusion**

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 Print Mail Logistics 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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



**Crowe Horwath**



**Vanessa de Waal**  
**Principal**

**Signed at Brisbane, 8 February 2011**