

ASX Announcement

13 December 2004

Promentum to acquire PMP's sheet-fed printing business and enter into a long term strategic relationship

Promentum Limited and PMP Limited have today agreed the acquisition by Promentum of the sheet-fed printing business of PMP and the formation of a long term strategic relationship under which Promentum's Penfold Buscombe business will provide sheet-fed printing services to PMP.

PMP's sheet-fed operations generated annual revenues in excess of \$50 million in FY2004. These operations will be absorbed into the Penfold Buscombe business, further consolidating its position as Australia's largest sheet-fed printer. While details are still to be finalised, the integration of the businesses is expected to begin February 2005. PMP and Promentum will work collaboratively to ensure a smooth transition.

As an integral part of the transaction, Penfold Buscombe and PMP will enter into a Print and Co-operation Agreement with a minimum term of 5 years under which each party will refer to the other, on a preferred supplier basis, work generated as an adjunct to their respective customers' requirements.

Promentum will issue PMP approximately 14.1 million of its shares at an agreed price of \$1.70 per share as consideration for the transaction (implying a transaction value of \$24 million). As a consequence, PMP will become the largest shareholder of Promentum with approximately 26% of the enlarged group. PMP has committed to retain its shareholding in Promentum for at least 3 years (except in circumstances of a takeover offer being made or a Scheme of Arrangement being proposed for all Promentum shares).

As part of the transaction, PMP will appoint a non-executive director to the Promentum Board.

The transaction is subject to approval by Promentum shareholders.

Promentum CEO Alistair Hill, commented: "The PMP sheet-fed business is an excellent strategic fit for our Penfold Buscombe business and enables us to strengthen our presence in each State. We will now have the leading market position in Queensland, New South Wales, Victoria and Tasmania."

He added "Penfold Buscombe has a track record of successful integration of acquisitions, ensuring a smooth transition process and maximizing revenue opportunities."

PMP CEO Mr David Kirk said, "Sheet-fed printing has important connections to our core heat set web business but is not our main area of focus. We have a major management focus and improvement plan for our core web printing business; by contrast, sheet-fed has not been given the management time and capital the business requires and deserves. This transaction provides a neat solution to the future of our sheet-fed businesses, and the major customers of those businesses – including PMP – in conjunction with the leading sheet-fed printer in Australia."

"The management and employees at our sheet-fed sites worked hard to improve performance in 2003/4 – and in all cases succeeded in doing so. We are very pleased to have found such a solid future for these businesses with an expert, broadly based and well capitalised sheet-fed player."

Mr Kirk indicated PMP would book an accounting profit from the sale of approximately \$12 million. PMP will retain the Zillmere and Cheltenham sites, the sale of which is expected to offset restructuring costs so that the overall cash impact from the transaction will be neutral.

Benefits of the acquisition and PMP relationship

The Directors of Promentum believe that the acquisition and broader relationship with PMP provide compelling strategic and financial benefits to Promentum. These include:

- strengthening the position of Penfold Buscombe, as the Australian leader in the sheet fed industry;
- the establishment of a long term relationship between Promentum and PMP that will leverage the selling power of the Penfold Buscombe business and PMP to maximise returns to both businesses;
- earnings per share (before amortisation of goodwill) accretion in the first full year following integration; and
- a quantum increase in Promentum's scale which should encourage continued market interest in Promentum and promote greater liquidity in the market for its shares.

The Directors of Promentum intend to unanimously recommend the transaction to shareholders who will vote at an extraordinary general meeting to approve the transaction.

Timing

The transaction is subject to approval by Promentum shareholders. A Notice of Meeting and Explanatory Statement is expected to be mailed to shareholders before Christmas, with the meeting planned to be held in January 2005.

Advisor to Promentum: Grant Samuel Corporate Finance

Advisor to PMP: Beerworth & Partners

Further information:

Alistair Hill, CEO, Promentum Limited

David Kirk, CEO, PMP Limited

About Promentum Limited:

www.promentum.com.au

Promentum is an ASX-listed provider of print and communication services with origins dating back to 1830. It has operations in the areas of sheet-fed printing, digital printing, print management and specialised mail products. Promentum operates the largest dedicated commercial sheet-fed printer in Australia, operating under the Penfold Buscombe brand.

About PMP Limited:

www.pmplimited.com.au

PMP is a leading printing and media services business with operations across Australia and New Zealand. PMP operates in four broad market spaces; commercial printing, magazine distribution, direct marketing, and digital graphics arts and print management. PMP is the largest commercial heat set web printer in Australia.