

Dear Mr. Whittens,

11 April 2018

Print Mail Logistics Limited (the “Company” or “PNT”)**Re: Periodic Disclosure Query**

We refer to the Annual Financial Report lodged on 27th September 2017¹ in which the Independent Auditor's Report² states:

“Basis for Qualified Opinion**1. Opening Balances**

As this was our first audit of the company, we referred to Auditing Standard ASA 510 Initial Audit Engagements – Opening Balances which establishes procedures, requirements and provides guidance regarding the verification of opening balances when the financial report for the prior period was audited by a predecessor auditor.

We attempted to review the Workpapers of the predecessor auditor but were unable to do so. We were advised by the predecessor auditor that he had changed audit software suppliers and was unable to access the workpapers.

While alternative procedures were attempted, we were unable to obtain sufficient appropriate audit evidence in relation to opening balances and accordingly our report is qualified in relation to the verification of the opening balances.

2. Deferred Tax Assets

AASB112 Income Tax states that a deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The unused tax loss component of the deferred tax asset is \$979,635. In view of the history of losses and the lack of persuasive evidence available to us, we do not believe that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. We have qualified our opinion in respect of the deferred tax asset balance.

If the adjustment to the deferred tax asset balance of \$979,635 had been made this would reduce the balance of deferred tax assets to \$357,761, total non-current assets to \$2,499,232, total assets to \$3,220,579, and increase the deficiency in net assets to \$1,478,837 and increase the loss attributable to members to \$1,364,778.

Emphasis of Matter – Going Concern

We draw attention to Note1(x) of the financial report, which describes the deficiency in net assets and working capital. Our opinion is not modified in respect of this matter.

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this audit report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.”

¹ Link of the Annual Financial Report for the period ended at 30 June 2017 – <https://www.nsx.com.au/ftp/news/021734076.PDF>

² Annual Financial Report for the period ended at 30 June 2017 – Page 62 to 63

In relation to the above items in the Independent Auditor's Report please respond to the below questions.

1. Given the Qualified Opinion relates to the Auditor's inability to obtain sufficient appropriate audit evidence regarding the opening balances, what steps will the Company take to obtain an unqualified audit report for future financial periods?
2. In the absence of the verification of the closing balance by the previous auditor and the opening balance obtained by the current auditor, what measures if any have been taken by the Company to ensure that the information used to produce the Annual Financial Report is accurate?
3. Does the Company consider that it carries out sufficient level of operations which can be demonstrated to the Exchange to warrant the continued listing of its securities on the NSX as required by listing rule 6.54?
4. If the answer to question 3 is "Yes", please explain the basis on which the Company has formed the conclusion that its level of operations is sufficient to warrant continued listing on NSX in accordance with requirements of listing rule 6.54. If the answer to question 3 is "No", the suitability of the Company for listing may be reviewed by the Exchange.
5. Please confirm that the Company is in compliance with the listing rule and, in particular, listing rules 6.4.

Your response should be sent to me directly via email no later than 4pm on 13th April 2018. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Listing Rule 6.4

The NSX continuous disclosure rule states:

Generally, and apart from compliance with all the specific requirements, the issuer shall keep the Exchange informed without delay, for dissemination of any information relating to the group of which it is aware that:

- is necessary to enable the Exchange and the public to appraise the financial position of the issuer and the group;
- is necessary to avoid the establishment of a false market in its securities; or
- a reasonable person would expect to have a material effect on the price or value of its securities.

Such information must be made available to the Exchange before the time at which any other public announcement of the information is made.

These provisions will be breached by an issuer who intentionally, recklessly or negligently fails to notify the Exchange of information that:

- is not generally available; and
- a reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.

Listing Rule 6.54

The issuer shall carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Exchange to warrant the continued listing on the Exchange of the issuer's securities.

Yours sincerely

Ingrid Wei
Market Surveillance Analyst