



PMP LIMITED

ABN 39 050 148 644

2014
ANNUAL REPORT

PMP LIMITED

Level 12
67 Albert Avenue
Chatswood
New South Wales 2067
Tel: 02 9412 6000
Fax: 02 9413 3942
pmplimited.com.au

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 11am on Thursday 20 November 2014 at: The Grace Hotel
77 York Street
Sydney NSW 2000
Details of the business of the meeting are contained in the Notice of Meeting.

INVESTOR INFORMATION

Shareholders requiring information should contact the share registry or Chief Financial Officer Geoff Stephenson.
Tel: 02 9412 6000
Fax: 02 9413 3942
Email geoff.stephenson@pmplimited.com.au
ASX Code PMP

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
GPO Box 1903
Adelaide SA 5001
Enquiries within Australia 1300 556 161
Enquiries outside Australia +61 3 9415 4000
Email web.queries@computershare.com.au
computershare.com

BOARD OF DIRECTORS

Matthew Bickford-Smith — Chairman
Peter George — CEO and Managing Director
Anthony Cheong — Non-Executive Director
Peter Margin — Non-Executive Director
Naseema Sparks — Non-Executive Director

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COMPANY PROFILE

PMP LIMITED'S PRINCIPAL ACTIVITIES ARE COMMERCIAL PRINTING, LETTERBOX DELIVERY, DIGITAL PRE-MEDIA AND MAGAZINE DISTRIBUTION SERVICES.

The company is structured into three main areas:

PMP Australia, PMP New Zealand and Gordon & Gotch.

PMP Limited is the largest commercial printer in Australia and New Zealand, producing catalogues, directories, magazines and books. PMP Print's production plants are located strategically in major capital cities, offering web offset printing. PMP's New Zealand operations also offer sheetfed offset printing. Griffin Press specialises in book manufacture from its printing plant in Adelaide.

The company offers letterbox distribution of catalogues direct to households through its PMP Distribution business, and magazine distribution direct to retail outlets through its Gordon & Gotch business.

The company was listed on the Australian Stock Exchange in 1991, but many of the operating units have a long and distinguished history. Many of the production and distribution facilities were originally founded by various newspaper companies, and these operations have maintained market leadership for over a hundred years.

The company has a highly skilled workforce, with many long serving employees.



FY14 HIGHLIGHTS

THE STRATEGY TO TRANSFORM PMP INTO A LEANER, STRONGER AND MORE CUSTOMER FOCUSED COMPANY CONTINUES TO DELIVER THE RESULTS.

- PMP's transformation strategy remains on track with strong free cashflow
- Clear strategy and disciplined execution are delivering benefits
- A sustainable and profitable PMP continues to emerge.

Key Financials FY14

\$M	2014	2013	Var %
Operating Revenue	899.2	975.8	(7.8)
EBITDA* (before significant items)	63.4	71.6	(11.4)
EBIT** (before significant items)	28.8	33.8	(14.7)
Net profit (after tax) (before significant items)	11.8	14.3	(17.8)
Net profit/(loss) (after significant items)	3.4	(70.2)	
Free Cash Flow***	44.0	27.5	60.1
Net Debt	(51.7)	(89.1)	42.0
Net Debt/EBITDA (before significant items)	0.8 times	1.2 times	
Earnings Per Share (before significant items)	3.6	4.4	

* Earnings before Finance costs, Income tax, Depreciation and Amortisation and Significant Items

** Earnings before Finance costs, Income tax and Significant Items

*** Equals EBITDA (before Significant Items) less borrowing costs, Income tax paid, Capital Expenditure and movement in Working Capital.

CHAIRMAN'S REVIEW

Matthew Bickford-Smith
Chairman, PMP Limited



Dear shareholders

Last year PMP Limited articulated a clear strategy to transform the company into a leaner, stronger, more competitive industry leader. Your Board and the Management Team remain clearly focused on achieving this goal and believe that the result for the 2014 financial year vindicates the company's strategy.

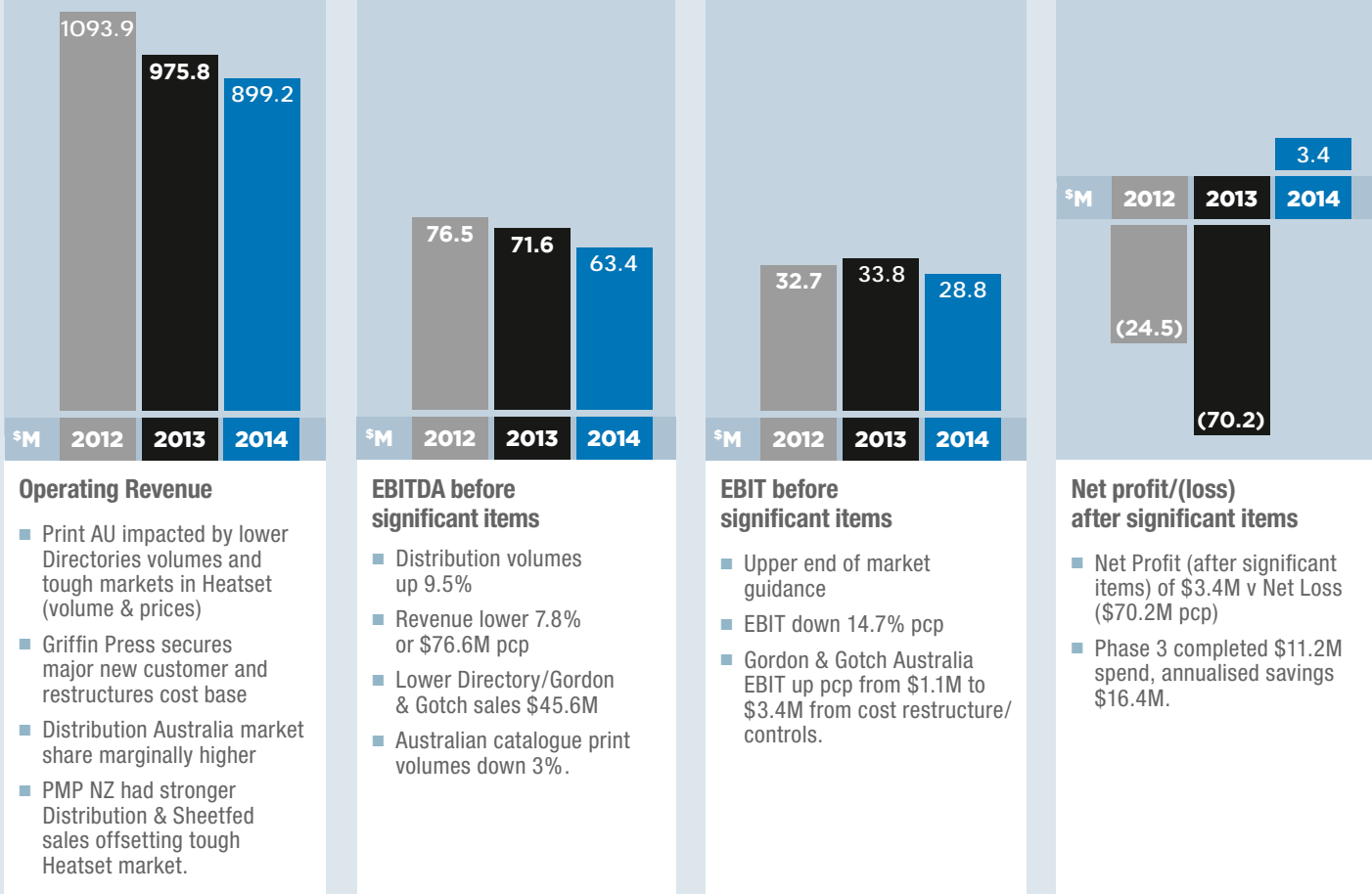
FY14 Results

I am pleased to report that this year PMP has returned to profit with a Net Profit (after significant items) of \$3.4M. Although modest, this profit result compares favourably to a Net Loss (after significant items) of \$70.2M last year.

PMP is continuing the steady progress of the last two years and the early signs of recovery evident in the prior year have been confirmed in FY14. Griffin Press, Gordon & Gotch, Distribution in Australia and PMP New Zealand all improved their performance during the year. The company is on track to return a more acceptable level of financial performance.

A noteworthy milestone was achieved during the period with Net Debt reducing by 42% to \$51.7M, the lowest level since the company was founded in 1991. In addition our free cash flow result was particularly encouraging, with an increase of 60% over the previous year to \$44.0M in FY14. This provides a clear indication of PMP's strong cash generation capability and the underlying strength of the mix of PMP's businesses.

There were no impairment charges affecting the result this year resulting in significant items falling to \$9.1M, down from \$88.5M last year.



Operating Revenue

- Print AU impacted by lower Directories volumes and tough markets in Heatset (volume & prices)
- Griffin Press secures major new customer and restructures cost base
- Distribution Australia market share marginally higher
- PMP NZ had stronger Distribution & Sheetfed sales offsetting tough Heatset market.

EBITDA before significant items

- Distribution volumes up 9.5%
- Revenue lower 7.8% or \$76.6M pcp
- Lower Directory/Gordon & Gotch sales \$45.6M
- Australian catalogue print volumes down 3%.

EBIT before significant items

- Upper end of market guidance
- EBIT down 14.7% pcp
- Gordon & Gotch Australia EBIT up pcp from \$1.1M to \$3.4M from cost restructure/controls.

Net profit/(loss) after significant items

- Net Profit (after significant items) of \$3.4M v Net Loss (\$70.2M pcp)
- Phase 3 completed \$11.2M spend, annualised savings \$16.4M.

Strategy

The strategy that the company is executing has three priorities: significantly reducing the company's cost base, significantly reducing the company's debt, and creating a sustainable and increasingly customer focused company.

The cost base of the company has now been substantially reduced with staffing levels significantly lowered over the past three years resulting in subsequent increases in productivity and efficiency. In FY14 costs were further reduced with the successful completion of Phase 3 of the company's Transformation Plan which created \$16.4M of annualised savings. This follows the effective completion in prior years of the New Zealand Transformation Plan and Phases One and Two of the Australian Transformation Plan. An ongoing continuous improvement program is currently being developed for implementation in FY15 and will deliver additional savings.

Debt has been reduced to an all-time low and our Net Debt to EBITDA ratio is now at a conservative 0.8 times. In addition the company has diversified its financing sources with the successful issue of a \$50M corporate bond during the year and our existing banking facility has been extended into FY16.

Having substantially executed the first two elements of our strategy, the ongoing focus now turns to the third priority – creating a sustainable and an increasingly customer focused

company. Future gains are likely to be incremental rather than the step-changes achieved over the past two years. Nevertheless I am confident that we are on the right track with a clear strategy and disciplined execution delivering the desired outcomes.

The organisational restructure, which was completed last year, is delivering significant efficiencies throughout the business as a result of moving from a business unit organisation structure to a simpler and more unified functional structure. We are also now starting to see the benefits of removing organisational impediments to offering bundled distribution and printing services on a national basis to our customers.

PMP is concentrating on increasing its relevance to the retail sector and these enhanced and integrated sales offerings are proving to be attractive to a number of our important retail customers. The company can offer retailers a seamless end-to-end integrated catalogue publishing process with our DMarketer print preparation system, cost effective printing, mass letterbox distribution, and the ability to geodemographically target versions of catalogues.

Catalogues are maintaining their resilience as they remain a crucial element of successful marketing campaigns for retailers. There is a growing appetite by retailers to improve effectiveness though the use of geodemographic targeting.

CHAIRMAN'S REVIEW



Industry

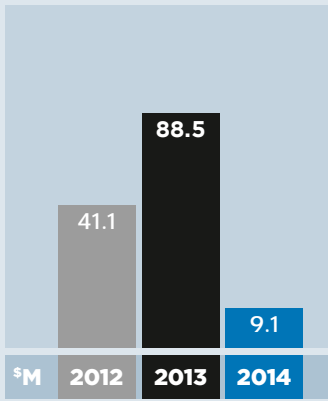
PMP has a diversified portfolio of businesses within the broader print and distribution industry in Australia and New Zealand. Some sectors, notably Australian heatset printing, continue to be very challenging, characterised by overcapacity and competitive pricing. Trading conditions in heatset are unlikely to significantly improve until the retailing sector gathers strength and/or some form of industry rationalisation takes place. In other sectors of the industry such as distribution and book printing, conditions are somewhat more favourable and our businesses are performing to expectations. In New Zealand, where we have a broader offering, the strength of the economy and the benefits accruing from the Transformation Plan are underpinning an ongoing solid performance.

Dividends

Your Board is of the view that the time is not yet right to reinstate dividend payments as it is still too early in the rebuilding process. However it remains a definite goal as we are keen to reward shareholders where ever possible.

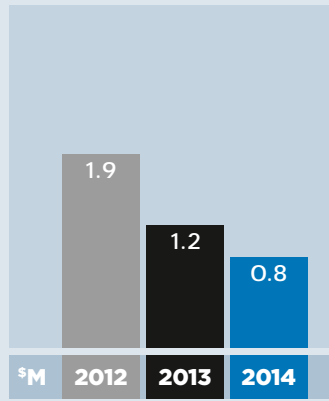
Board renewal

During the year Mr Sik Ngee Goh resigned as a Director of PMP and Mr Anthony Cheong was appointed as a Non-Executive Director. Mr Cheong was also appointed a member of the Board's Audit and Risk Committee. On behalf of shareholders I welcome Mr Cheong to PMP and thank Mr Goh for his contribution to the company.



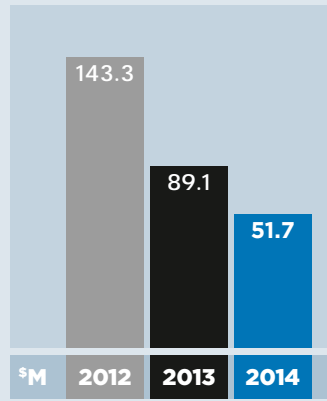
Significant items

- Significant items reduced from \$88.5M in 2013 to \$9.1M in 2014



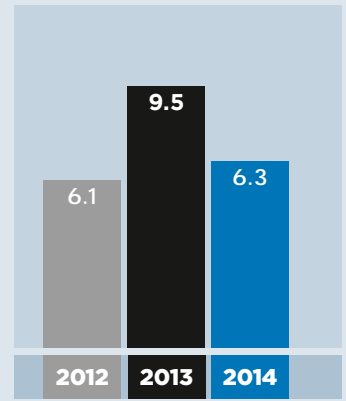
Net debt/EBITDA before significant items

- Net Debt to EBITDA at 0.8x v 1.2x pcp
- Interest Cover 5.1x v 4.7x pcp



Net Debt

- Cash interest paid \$6.5M lower pcp
- Net Debt \$51.7M vs \$89.1M pcp
- Free cashflow \$44.0M vs \$27.5M pcp
- Issued \$50M unsecured Corporate Bond



Safety

- Long Time Injury Frequency Rate 6.3 v 9.5
- Focus on internal capability

Outlook

The company anticipates the business environment to remain challenging with softer retail markets and excess heatset print capacity resulting in competitive pricing activity. The company will continue to reduce its cost base through the on-going continuous improvement program while at the same time enhancing its capabilities to compete effectively in the marketplace. Guidance for FY15 will be provided at the AGM in November.

I would like to also refer you to the Directors' Report on pages 16 to 38 which also includes the company's Remuneration Report (pages 28 to 38). Both reports contain information which I anticipate will be of interest to shareholders.

Thanks

Your Board is confident that the company is on the right track to achieve its corporate goals but is mindful that there are challenges still to be met. I would like to sincerely thank PMP's management and employees for their efforts to date without whom the company's achievements would not be possible.

Matthew Bickford-Smith
Chairman, PMP Limited



CEO'S REVIEW

Peter George
Chief Executive Officer
and Managing Director



Overview

The strategy to transform PMP Limited into a leaner, stronger and more customer focused company has delivered another solid result for the 2014 financial year (FY14).

The company recorded a Net Profit (before significant items) of \$11.8M while Net Debt as at 30 June 2014 was \$51.7M, the lowest in the company's 23 year history. Net Debt was reduced by 42% over the period which is a testament to our robust cash generation capability with Free Cash Flow for the year up 60% to \$44.0M.

EBIT (before significant items) fell by \$5.0 million or 14.7% to \$28.8M compared to \$33.8 million in the previous year, due in part to \$4.1 million of higher property rental expense following the successful conclusion of our Australian sale and lease-back program. Cash interest paid fell by \$6.5M from \$18.0M to \$11.5M.

Griffin Press, Gordon & Gotch, Distribution in Australia and PMP New Zealand all performed well during the year and achieved improved profit results. PMP Australia also benefited from transformation savings and lower lease rent costs at Chullora and Digital. However these benefits were offset by the expected lower directory volumes, lower selling prices in heatset and a slight fall in catalogue print volumes. Corporate costs were reduced during the period.

During the year our debt facilities were strengthened via a \$50M four year term corporate bond issue which was successfully completed at a fixed 8.75% coupon, while the existing bank facility maturity date was extended to September 2015.

The Australian sale and lease-back program was completed during FY14 when the remaining portion of our Clayton property was sold and leased back for a \$4.0M profit. The proceeds of \$7.6M were used to retire debt.

The print and distribution industry continues to be a challenging environment and is expected to remain so until much needed substantial structural realignment occurs. Nevertheless, as evidenced above, the company has performed well in these difficult circumstances.

Demand in the major retail sector remained sound during the year, although there was some softening in the medium and smaller retailer categories. Heatset printing continued to be affected by structural factors such as excess industry capacity in Australia and, in conjunction with a softer retail market, pricing continues to remain competitive.

Focus on building a more consistent, sustainable and profitable PMP

- Cost base and financial risk reduced
- Stronger EBIT* versus pcp from Gordon & Gotch, Griffin Press, Distribution Australia and New Zealand sheetfed reduces reliance on Heatset print in Australia/ New Zealand
- Weak consumer spending and industry overcapacity continues to impact Heatset printing
- On-going focus on becoming a retail catalogue specialist:
 - Successfully expanded the use of Dmarketer as part of combined offer to clients
 - Assist retailers in targeting versions of their catalogues to specific target audiences
- Well underway to building a more profitable and sustainable PMP.

Segment Performance

Sales Revenue (\$M)	FY14	FY13	Var \$	Var %
PMP Australia	439.9	493.6	(53.7)	(10.9)
PMP New Zealand	160.9	158.8	2.1	1.3
Gordon & Gotch Australia	298.4	323.4	(25.0)	(7.7)
TOTAL GROUP	899.2	975.8	(76.6)	(7.8)

EBIT** (\$M)	FY14	FY13	Var \$	Var %
PMP Australia	20.9	30.6	(9.7)	(31.6)
PMP New Zealand	9.9	9.7	0.2	2.4
Gordon & Gotch Australia	3.4	1.1	2.3	—
Corporate/other	(5.5)	(7.7)	2.2	28.5
TOTAL GROUP	28.8	33.8	(5.0)	(14.7)

* Restated balances \$0.6M expense for FY13 due to AASB 119 Employee benefits policy change

** Earnings before Finance costs. Income tax and Significant items.

Strategic Direction

The company has been significantly transformed over the past eighteen months as we have successfully implemented the first two priorities of our three stage strategic vision which I detailed last November at our 2013 Annual General Meeting.

We have substantially reduced the cost base of the business through successive our Transformation Plan since the commencement of the Plan. Phase 3 was successfully completed during the year generating \$16.4M of annualised savings, in line with our expectations.

We have also considerably reduced the company's financial risk to the point where Net Debt, as mentioned above, is at an historical low. Our gearing ratio (Net Debt to EBITDA pre significant items) has been reduced from 1.2 times to a conservative 0.8 times and our Debt to Equity ratio is 19.5%, down from 34.4% last year.

As part of our third strategic priority, building a more leaner, stronger and customer focused PMP, we have enhanced our ability to offer nationwide bundled printing and distribution solutions to our major customers and this is proving to be an increasingly attractive option for a number of our largest accounts.

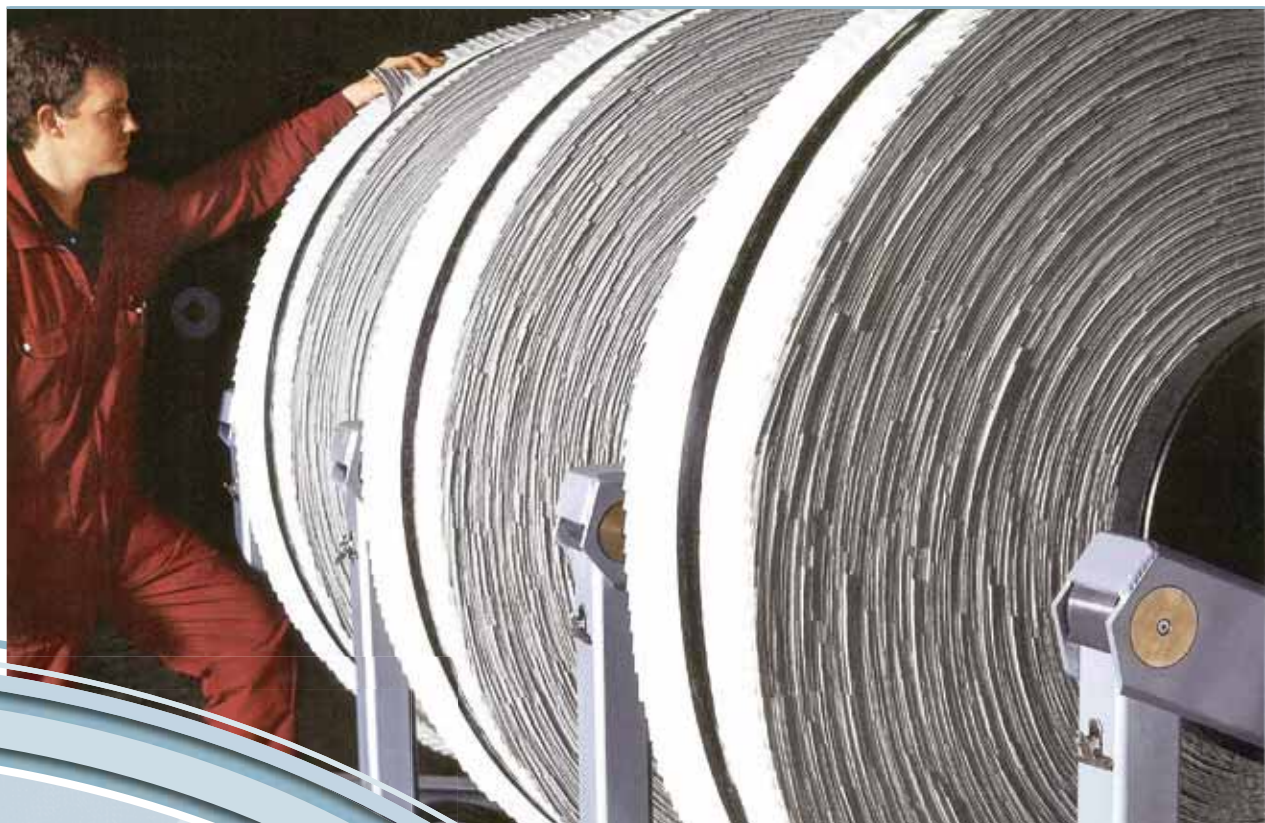
We are also improving our relevance to retailers and there is an increased recognition by major retailers of the value of catalogues as an effective selling tool. We are developing our capability to assist retailers in targeting versions of their catalogues to specific geographic and demographic audiences.

We are now restructuring and re-training our sales force to better position the benefits of our bundled solution capability to existing and prospective customers.

2015 Priorities

We will continue to drive out costs from the business following the completion of our Transformation Plan with an ongoing continuous improvement program. This phase will target efficiencies from process simplification and systems upgrades.

We are focusing on building a more sustainable, customer focused and profitable company by developing and enhancing a winning culture within the business to ensure success in the longer term. This will involve a major cultural shift to create a customer centric workforce with a total focus on winning business and delivering on promises.



PMP Australia

\$M	FY14	FY13	Var %
Sales Revenue	439.9	493.6	(10.9)
EBIT (before significant items)	20.9	30.6	(31.6)

PMP Australia returned an EBIT (before significant items) of \$20.9M, down \$9.7M compared to the previous year. The integration of the print, distribution and prepress businesses into a functional structure is well progressed.

PMP Print

Print had another tough year as prices remained very competitive within the heatset segment of the print market. The major influences were the continued resilience of the catalogue business, with printed volumes falling by just 3% despite soft retail conditions. Catalogues continue to be a major element of integrated retail marketing campaigns. Heatset printing continues to be adversely affected by industry overcapacity and weak consumer demand. In line with expectations, Directory volumes fell by 72%. This business has now been successfully consolidated into the Moorebank site.

Operationally, the business spent the year focusing on bedding down the transformation changes with the impact that it had on staff and equipment.

PMP Australia

Printing Business

- Industry overcapacity impacted print sell prices
- Customers taking up integrated offer of all PMP products and services
- Tighter cost control and lower headcount. Managing peak times with flexible work force
- Phase 3 Transformation plan successfully implemented across all plants.

Letterbox Distribution Business

- Transformation plan successfully implemented
- Unaddressed volumes up 12% for same period last year
- Major customers have increased volume compared to same period last year.

PMP Digital

- Digital made a positive contribution to group performance
- Dmarketer product provides an integral part of its catalogue production process.

Griffin Press

- Griffin Press is the largest book printer in Australia
- Increased profitability on steady volumes
- Offering on-demand digital printing as well as conventional coldset printing
- Increase in volumes possible from more work being printed in Australia, and from on-going consolidation of the book publishing industry.

PMP Distribution

Catalogue distribution volumes increased by 11.4%, while newspaper volumes softened. This increase contributed to the Distribution business performing well during the year with total volumes growing by 10% and the business securing several significant new contracts.

Retailers continue to place great reliance on direct letter box distribution as a consequence of the on-going fragmentation of media channels. The business's ability to target geo-demographic audiences further enhances the effectiveness of catalogue distribution.

PMP Digital

Digital made a positive contribution to the group performance. The transition of the Victorian business to the Clayton facility following the closure of the Southbank site in Victoria was completed during the year. The photography and prepress parts of the business continue to reflect the pressures of the rapidly changing technology in these areas, but the DMarketer product continues to assist the other parts of the business in providing an integral part of the catalogue production solution.

Griffin Press

Griffin Press, the largest book printer in Australia, had a solid year and increased profitability compared to the previous year.

Book volumes were steady and the business retained all key contracts while securing a major new customer as a result of the ongoing consolidation of the book publishing industry.

The book publishing industry has moved to printing smaller quantities more often and the business has responded by equipping to meet this demand, offering integrated solutions of on-demand digital printing and conventional coldset printing. This has resulted in an increase in volumes being printed in Australia and has allowed better print management. As well the cost base of the business was restructured during the period to increase efficiency.

PMP New Zealand

Printing

- Ongoing cost savings and operational improvements post transformation
- Competitive heatset marketplace continuing to put pressure on margins
- Sheetfed offer in market is gaining traction offsetting Heatset reductions
- A broader offering is going to market attracting a new customer base.

Letterbox Distribution Business

- Year-on-year volume and market share increase
- Yield under pressure in small market
- Strong retail pressure despite improving NZ economy
- Better community newspaper volumes.

Magazine Distribution Business (Gordon & Gotch, NZ)

- Year-on-year EBIT improvement despite lower revenue
- Lower volumes due to ongoing market shrinkage and loss of contract
- Logistics savings being realised and ongoing cost reduction.

PMP New Zealand

\$M	FY14	FY13	Var %
Sales Revenue	160.9	158.8	1.3
EBIT (before significant items)	9.9	9.7	2.4

PMP New Zealand returned an EBIT (pre significant items) of \$9.9M, up \$0.2M on the prior year.

The main factors contributing to the results were higher Distribution volumes and improved sheetfed sales along with a relentless focus on cost control, input costs and additional Transformation benefits for Auckland sheetfed. These positives were partially offset by lower selling prices in the heatset market which continues to be challenging.

The consolidation of the business into one North Island and one South Island site has enhanced efficiency and reduced costs.

The integration of the sales force was completed during the year and this has been complemented by substantial training to enable the business to offer fully integrated printing and distribution solutions. As a result several major contracts were renewed during the year.

A new focus for the sales team has been the corporate market and there are early indications that the company's broadened offer is attractive to this sector as evidenced by the securing of a major new corporate client.

Gordon & Gotch [AUSTRALIA]

Magazine Distribution Business (Gordon & Gotch, Australia)

- EBIT improvement despite volume decline in magazine circulations of 5.3%
- Continued focus on restructuring initiatives – reduced number full time employees
- Freight initiatives – route optimisation and retail delivery consolidation.



Gordon & Gotch [AUSTRALIA]

\$M	FY14	FY13	Var %
Sales Revenue	298.4	323.4	(7.7)
EBIT (before significant items)	3.4	1.1	—

Gordon & Gotch returned an EBIT (pre significant items) of \$3.4M for the period, up \$2.3M on last year due to a continuing focus on further cost restructuring and efficiency gains.

Magazine distribution scheduling was overhauled to more effectively respond to demand and to deliver cost efficiencies.

This more than offset lower volumes which were down 5.3% as the magazine industry continued to contract.

CEO'S REVIEW

Right: Regenerative Thermal Oxidisers increase the volatile organic compound combustion rate, resulting in the release of cleaner air into the atmosphere. They are energy efficient, enabling the heat of the ink solvent combustion to largely offset the use of natural gas.



Sustainability

PMP strives to be a sustainable business which meets our responsibilities to the environment through long-term objectives of reducing emissions, preventing pollution, minimising waste and conserving and renewing natural resources.

We will achieve these goals by applying the “four R’s” principle in all areas of our operations – reduce, re-use, recycle and replenish.

With growing customer, employee, government and public awareness on environmental issues, PMP acknowledges its responsibility to remain transparent on the current and emerging exposures that the company faces. PMP have identified the key risks and opportunities and have devised strategic programmes in response to these exposures.

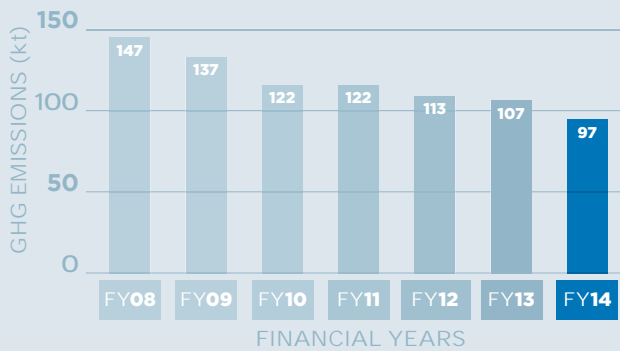
KEY RISKS

- Paper purchasing
- Energy consumption
- Greenhouse gas emissions
- Transport of raw materials and finished product
- Waste water treatment.

KEY OPPORTUNITIES

- Delivering business savings through reducing energy consumption
- Minimisation of transport impacts through a multi-site printing strategy
- Improving the quality of waste water through reducing or eliminating harmful press-room chemicals
- Carbon sequestration through improved forestry practices by suppliers and by purchasing carbon offsets on behalf of customers.

CEO'S REVIEW



	FY13/14	FY12/13	Var %
Print AU	177.2	198.8	(10.8)
Print NZ	39.3	40.3	(2.6)
Print Tonnes (thousands)	216.5	239.1	(9.5)
Distribution AU	2,538.7	2,308.8	10.0
Distribution NZ	648.2	602.3	7.6
Distribution units (millions)	3,186.9	2,911.1	9.5
Gordon & Gotch AU	131.0	138.3	(5.3)
Gordon & Gotch NZ	15.7	21.2	(25.6)
Gordon & Gotch copies (millions)	146.7	159.5	(8.0)

PMP continues to support responsible forestry through its chain-of-custody programme, and has achieved both PEFC and FSC certification at every print site across the group. PMP works closely with its customers to promote the use of paper sourced responsibly.

PMP recycles over 99% of the waste generated in the printing process. PMP has targets in place to reduce waste to landfill and paper waste. PMP is actively focused on reducing waste to landfill by improving our systems and auditing the suppliers' disposal process activities. PMP's main recycling streams are paper, aluminium, cardboard, plastics, steel and timber.

PMP has complied with a number of state and federal reporting programs, including:

- National Pollutants Inventory
- Energy Efficiency Opportunities (discontinued on 29 June 2014)
- Carbon Disclosure Project
- National Greenhouse and Energy Reporting.

PMP have developed an environmental procurement policy which ensures that environmental criteria are embedded in the procurement process. The policy outlines four main principles:

- Transparent and accurate sustainability profiles prepared for major suppliers
- Value for money including environmental factors considered in total cost of ownership analysis
- Ongoing relationship with suppliers to drive continuous improvement
- Site audits of suppliers to ensure best practice processes are being followed.

Gathering detailed information from our suppliers ensures that PMP is able to perform accurate life cycle calculations on our printed products for our customers.

PMP Print's year on year Greenhouse Gas (GHG) emissions reduced by 9% in FY14, taking the total reduction since 2008 to 34%. PMP will continue to pursue energy efficiency measures across all businesses to further reduce our overall emissions.

CEO'S REVIEW



Safety

We have made significant progress on meeting our safety targets during the year.

During the year the company strengthened its safety management capability with the appointment of a highly qualified and experienced senior safety manager reporting to the CEO. Safety reporting and education have been reviewed and strengthened throughout the company and our Lost Time Injury Frequency Rate dropped during the year, from last year's figure of 9.5 occurrences per million man hours worked to 6.3 in FY14.

Reducing safety risks will remain a focus throughout FY15. Enhanced reporting mechanisms and metrics are being introduced to provide greater clarity on our safety performance. There will also be a focus on personal behaviours, which with the enhanced reporting, will continue to reinforce a safety conscious culture throughout the company.

Thanks

We would like to again acknowledge the support and dedication of our team of loyal employees at PMP. Although it has been another very difficult year, I continue to be gratified by the focus and commitment of our people. I offer my sincere thanks to you all, and also to our shareholders, customers and suppliers.

CEO'S REVIEW

A handwritten signature in black ink, appearing to read 'Peter George'.

Peter George
Chief Executive Officer
and Managing Director



PMP Australia

PMP Australia is the integration of print, distribution, digital workflow and pre-media businesses offering contract printing for publishers, retailers and others; book printing/manufacture; letterbox distribution of catalogues; and photography services.

Products and Services

- Multi-channel content management
- Workflow solutions
- Image Libraries and Asset Management
- Production and Creative Services
- Onsite Production Studios
- Photography Services
- Retail Catalogues
- Magazines
- Newspapers
- Directories
- Books
- Government & Corporate Documents
- Government Material
- Unaddressed Catalogue Delivery
- Targeted Catalogue Delivery
- Newspaper Delivery
- Product Sample Delivery.

Market

- Retailers
- Marketing and Advertising Agencies & Media Buying Agencies
- Newspaper, Magazine & Directory Publishers
- Direct Marketers & Mailhouses
- Corporate – Financial Services, Telecommunications and Utilities
- Government
- Fast Moving Consumer Goods
- International & Local Book Publishers.

Overview

- The market leader with access to printing plants and distribution centres in every State and Territory of Australia and New Zealand.

PMP New Zealand

PMP New Zealand provides highly specialised stand alone media services that, together, offer fully integrated supply chain solutions to print media, retail, SME's, real estate, publishing and micromarketing clients.

Products and Services

- Magazines
- Catalogues
- Directories
- Books
- Financial documents
- Corporate documents
- Government material
- Newspapers
- Digital printing
- Targeted catalogue delivery
- Mail house facilities
- DMarketer solutions for retailers.

Market

- Corporate
- Financial services
- Government
- International & local book publishers
- Marketing, advertising & media buying agencies
- Newspaper, magazine & directory publishers
- Retail.

Overview

- The market leader with access to plants across Australia and New Zealand.

Gordon & Gotch

Gordon & Gotch is a magazine distributor offering circulation management, merchandising, and distribution into newsagents and major supermarkets in Australia and New Zealand.

Products and Services

- Deep market knowledge and 160 years experience
- Established, strong retail relationships
- Sales and market analysis
- Bespoke predictive analytics
- National merchandising solutions
- Range and display management
- Distribution solutions to multiple retail channels including newsagents, grocery chain, petrol/convenience and speciality outlets
- Multi platform, global digital distribution solution.

Market

- Mailing House (NZ)
- Domestic Publishers
- International Publishers
- International Distributors
- Diverse category/product clients.

Overview

- The largest independent distributor of print and digital magazines in Australia and New Zealand.

The Directors of PMP Limited (referred to as "PMP" or "Company") submit their report and the company's consolidated financial report for the year ending 30 June 2014 and the auditor's report thereon.

1. DIRECTORS

The Directors of PMP in office during or since the end of the financial year are:



Matthew Bickford-Smith

*Chairman
Appointed 2 June 2009
Age 54*

Mr Bickford-Smith has been a Non-Executive Director of PMP since 2009 and has been Chairman of the Board of Directors and Chairman of the Appointments and Compensation Committee since 2012. Mr Bickford-Smith is also a Director of Eastern Agricultural Australia, and until 1 June 2013 a Director of The Julian Burton Burns Trust.

Mr Bickford-Smith was previously CEO of Ridley Corporation Limited from 2000 to 2007. He was previously with the Man Group and was MD of the Australian operations from 1996 to 2000. Before moving to Australia Mr Bickford-Smith was based in Hong Kong with responsibility for managing risk relating to the Man Group's sugar business within the region. Before moving to the Man Group he spent five years with Phibro, the commodity trading division of Salomon Brothers.



Anthony Cheong FCA (Singapore)

*Non-Executive Director
Appointed 4 March 2014
Age 59*

Mr Cheong was appointed to the PMP Board of Directors by the Directors on 4 March 2014.

Mr Cheong is the Group Company Secretary of Fraser and Neave, Limited ("F&N"), which is the holding company of the Fraser and Neave Group ("F&N Group") and Acting Chief Executive Officer of Times Publishing Limited ("TPL"). He joined the F&N Group in TPL as Corporate General Manager (Group Finance) and Company Secretary in 2001.

Mr Cheong has more than 25 years of varied financial and corporate experience in the packaging, property, printing, publishing, retail and education sectors. As the Group Company Secretary of F&N, he is responsible for the Corporate Secretarial, Internal Audit, Legal, Risk Management and Human Resources functions. He holds directorships in various F&N Group subsidiaries, associated and joint venture entities in ASEAN, Australia, United States and the United Kingdom. He is a Non-Executive Director of Fraser and Neave Holdings Berhad, a company listed on BURSA Malaysia (previously known as Kuala Lumpur Stock Exchange) and Frasers Centrepoint Asset Management Limited (the manager of Frasers Centrepoint Trust, listed on the Main Board of the Singapore Exchange).

He began his career with Ernst & Whinney in 1989 and, immediately prior to joining the F&N Group, was the Company Secretary of Carnaud Metalbox Asia Ltd, previously listed in Singapore.

Mr Cheong is a member of the Institute of Chartered Accountants of England and Wales and a Fellow of the Institute of Singapore Chartered Accountants.



Peter George B Com, LLB

*CEO and Managing Director
Appointed 22 October 2012
Age 61*

Mr George is an experienced Executive and Non-Executive Director with an extensive background in telecommunications, media and corporate finance including four years on the Board of Australia's second largest telecommunications carrier, Optus Communications.

Mr George is currently also a Non-Executive Director of Asciano Ltd. He was also Executive Director, Strategy and Policy Development Cable and Wireless Optus Ltd from 1998 to 2001, and the Executive Chairman of Nylex Limited 2006 to 2008.



Peter Margin BSc (Hons), MBA

*Non-Executive Director
Appointed 30 January 2012
Age 54*

Mr Margin has a strong record of managing large Australian consumer food companies delivering operational efficiency, brand development and profitable growth having served amongst other things as the Chief Executive Officer and Managing Director of Goodman Fielder Ltd, and before that National Foods Ltd.

Mr Margin has been a Director of Bega Cheese Limited since June 2011, Nufarm Ltd since October 2011 and Ricegrowers Limited since September 2012.

Mr Margin is Chairman of the Audit and Risk Management Committee.



Naseema Sparks BPharm, MBA, GAICD

*Non-Executive Director
Appointed 17 August 2010
Age 61*

Ms Sparks is a professional Non-Executive Director specialising in e-commerce, digital and tech industries, media and marketing.

She has a background in strategic consulting, marketing, digital media and applications with over 20 years experience in the advertising industry.

She has held senior positions in leading agencies in Australia and UK, her most recent being Managing Director of M&C Saatchi.

Ms Sparks is currently a Director of Sydney Dance Company, and Independent Director of Melbourne IT and AIG. Ms Sparks is also Chairman of DealsDirect and Deputy Chairman of Racing NSW.

Ms Sparks was previously a Director of Shadforth Financial Group Ltd from May 2012 to August 2014.

Goh Sik Ngee B Eng(Hons), MSc, EMSF, BBM, PBM, PPA(P)

*Non-Executive Director
Appointed 17 August 2010
Completion 3 March 2014
Age 61*

Mr Goh Sik Ngee was Chief Executive Officer of Times Publishing Limited, a wholly-owned subsidiary of Fraser and Neave, Limited ("F&N"), and on the Board of Fung Choi Media Group Ltd, a listed company on the Singapore Stock Exchange ("SGX"), until 2 October 2013. Mr Goh has 39 years of varied experience, including publishing, printing, retail and education. He held appointments at the helm of a number of organisations which included CEO of Yellow Pages (Singapore) Limited, a listed company on the SGX, and CEO of MediaCorp Publishing Pte Ltd. He started his career with the Ministry of Defence with the last appointment as Director of Manpower. He has been awarded several honours by the President of the Republic of Singapore in recognition of his contributions in Community Service and Civil Service.

2. DIRECTORS' AND EXECUTIVES' DISCLOSURES

The disclosures required for Director share holdings and Director and Executive remuneration are included within the Remuneration Report.

3. COMPANY SECRETARY – QUALIFICATIONS AND EXPERIENCE

Alistair Clarkson (B.Com, LLB, MBA, ACIS, GradDipACG).

Mr Alistair Clarkson was appointed Company Secretary of PMP Limited on 24 April 2009 and has been Company Secretary of PMP's subsidiaries since December 2005.

Mr Clarkson holds a Bachelor of Commerce, a Bachelor of Laws, a Masters of Business Administration with Distinction and a post graduate diploma of Applied Corporate Governance. He is an associate of the Institute of Chartered Secretaries and a member of the Law Society of NSW.

As Company Secretary of PMP, Mr Clarkson is responsible for managing the Company's corporate governance framework, its continuous disclosure and listing rule compliance and managing all matters relating to the Company's Board of Directors and Board Committees.

Mr Clarkson has been Corporate Counsel for PMP since 2001 and General Counsel since 2009. Prior to joining PMP, Mr Clarkson was an associate at a law firm in New Zealand.

4. DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Board Committees) and the number of meetings attended by each of the Directors of PMP during the financial year were:

	Board of Directors		Audit & Risk Management		Appointment & Compensation	
	Attended	Maximum possible attended	Attended	Maximum possible attended	Attended	Maximum possible attended
M Bickford-Smith	11	11	5	5	5	5
P George	11	11	<a>	<a>	<a>	<a>
A Cheong 	4	4	1	1	<a>	<a>
P Margin	11	11	5	5	<a>	<a>
Goh S N <c>	7	7	4	4	<a>	<a>
N Sparks	10	11	<a>	<a>	5	5

<a> Directors may attend Committee meetings but where not Committee members, their attendance is not recorded.

 A Cheong appointed Non-Executive Director on 04/03/2014.

<c> Goh S N retired as Non-Executive Director on 03/03/2014.

5. CORPORATE GOVERNANCE STATEMENT

PMP's corporate governance is based on the belief that good governance practices are a critical prerequisite of a successful company and is intrinsically linked to creation of value. The core principles of good corporate governance that PMP has based its corporate governance framework on are:

- Ethical business conduct;
- Responsible management and remuneration;

- Sound financial reporting and risk management; and
- Appropriate communication and disclosure.

PMP's corporate governance framework is designed and implemented in accordance with best practice recommendations set by the ASX Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles"). The following table indicates where specific ASX principles are dealt within this Statement.

Recommendation	Section Reference
Principle 1: Lay solid foundations for management and oversight	
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	5.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	7.4
1.3 Companies should provide the following information in the corporate governance statement in the annual report: <ul style="list-style-type: none"> • whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed; and • an explanation for any departure from Recommendations 1.1 to 1.3. 	7.4
Principle 2: Structure the Board to add value	
2.1 A majority of the board should be independent directors.	1
2.2 The chair should be an independent director.	1
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	1
2.4 The board should establish a nomination committee.	This is called the Appointments and Compensation Committee
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	5.1
2.6 Companies should provide the following information in the corporate governance statement in the annual report: <ul style="list-style-type: none"> • the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; • the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds used in determining a director's independence; • the existence of any of the relationships listed as affecting independence status of directors, and an explanation of why the board considers a director to be independent notwithstanding the existence of these relationships; • a statement as to whether there is a procedure agreed by the board of directors to take independent professional advice at the expense of the company; • a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board; • the period of office held by each director as at the date of the annual report; • the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out; whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and • an explanation of any departures from Recommendations 2.1 to 2.6. 	1 1 5.1 5.1 5.1 1 4 —
Principle 3: Promote ethical and responsible decision making	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	5.4

3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	5.4
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	5.4
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	5.4
3.5	Companies should provide an explanation of any departures from Recommendations 3.1 to 3.4 in the corporate governance statement in the annual report.	—

Principle 4 - Safeguard integrity in financial reporting

4.1.	The board should establish an audit committee.	5.2
4.2.	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members. 	5.2
4.3.	The audit committee should have a formal charter.	5.2
4.4.	The following material should be included in the corporate governance statement in the annual report: <ul style="list-style-type: none"> • the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out; • the number of meetings of the audit committee; and • explanation of any departures from Recommendations 4.1 to 4.4. 	1, 4 —

Principle 5 - Make timely and balanced disclosures

5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	5.4
5.2	Companies should provide an explanation of any departures from Recommendation 5.1 in the corporate governance statement in the annual report.	—

Principle 6 - Respect the rights of shareholders

6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	5.4
6.2.	Companies should provide an explanation of any departure from Recommendation 6.1 in the corporate governance statement in the annual report.	—

Principle 7 - Recognise and manage risk

7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	5.3
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	5.3
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.	5.3
7.4	The following material should be included in the corporate governance statement in the annual report: <ul style="list-style-type: none"> • whether the board has received the report from management under Recommendation 7.2; and • whether the board has received assurance from the chief executive officer; and • explanation of any departures from Recommendations 7.1 to 7.4. 	5.3 5.3 —

Principle 8 - Remunerate fairly and responsibly		
8.1.	The board should establish a remuneration committee.	5.2
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members. 	5.2 only two members
8.3	The company should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	7
8.4	The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report: <ul style="list-style-type: none"> • the names of the members of the remuneration committee and their attendance at the meetings of the committee or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out; • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and • an explanation of any departures from Recommendations 8.1 to 8.3. 	4 4 7.3 —

5.1 BOARD OF DIRECTORS

Board

Directors are selected to achieve a broad range of skills, experience and expertise complimentary to the Group's activities. Details of individual Directors are in section 1. The Board comprises five Directors, being; the Non-Executive Chairman, the Managing Director and three other Non-Executive Directors.

The roles of Chairman and Chief Executive Officer are not exercised by the same individual.

PMP's Board Charter sets out the role, responsibilities and powers of the Board of Directors and the Managing Director.

The company's Board is responsible for:

- Overseeing the company, including reviewing, ratifying and monitoring systems of risk management, internal control, code of conduct and legal compliance, that are designed to ensure compliance with regulatory and prudential requirements;
- Appointing and removing the Chief Executive Officer and ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
- Providing input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring performance against Board approved objectives, targets and strategies;
- Succession planning for the Chief Executive Officer and senior executives;
- Approving the progress of major capital expenditure, capital management, acquisitions and divestitures;
- Approving and monitoring financial and other reporting; and
- Approving delegated authority limits for senior executives.

The Managing Director, as CEO, is responsible for:

- Implementing Board and Management decisions
- Conducting the company's operational, strategic, management and general business and affairs

- Bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.

The Board has set through the Delegation of Authority Policy specific limits to management's ability to incur expenditure, enter into contracts or acquire or dispose of assets or businesses without Board approval.

The Charter requires that PMP's Board must consist of a majority of independent Non-Executive Directors who have a broad range of commercial expertise and experience and/or appropriate professional qualifications. They must also demonstrate a proven ability and capacity to monitor company performance and participate in strategy development. Under the Charter, Directors are encouraged to own shares in PMP.

Board composition and membership

The Board (through the Appointments and Compensation Committee) seeks to ensure that the Board and its Committees continue to have the right balance of skills, knowledge qualifications, diversity and business experience necessary to direct the Company in accordance with high standards of corporate governance. The Board considers the skills, experience and expertise which they believe to be particularly relevant for that available position. In doing so the Board takes into account the existing collective capability of the Board, PMP's strategy and the prevailing and expected market conditions.

The table below sets out some of the key skills of the Directors and the extent to which they are represented on the Board.

Name	Skills and experience	Board	Audit and risk Committee	Appointments and compensation Committee
Matthew Bickford-Smith	Manufacturing Risk Management	x	x	x
Peter George	Finance Strategic Planning Transformation Telecommunications Corporate Finance	x		
Peter Margin	Capital Management Brand Development	x	x	
Naseema Sparks	Digital Media Marketing	x		x
Anthony Cheong	Publishing Printing Retail	x	x	

In respect of diversity on the Board, Directors strongly believe that differences in gender, age, ethnicity and cultural background in Board membership encourage diversity of thought and decision making. This will, in turn, drive and improve business efficiency and results for the company and shareholders.

Director retirement and re-election

The Constitution requires Directors to retire at the third AGM following the election or most recent re-election. The appointment of any new Directors will be based on the principle of further strengthening the diversified composition of the Board.

Board performance evaluation

The Appointments and Compensation Committee is responsible for, amongst other things, evaluating the performance of the Board and individual Directors. The Chairman continuously reviews and discusses with the Directors their and his contribution to the Board, but has determined not to use an external facilitator to undertake a performance assessment.

Board independence

The Board's policy is that there should be a majority of independent Non-Executive Directors on the Board and this requirement is embodied in the Board Charter, ensuring that all Board discussions and decisions have the benefit of independent judgment.

The Board reviews the independence of the Directors before they are appointed, on an annual basis and at any other time where the circumstances of a Director changes such as to require reassessment. Such assessment is consistent with the ASX Corporate Governance Principles. The Board assesses materiality of any contractual relationship that may affect independence on a case-by-case basis. All Non-Executive Directors of PMP are considered independent with the exception of Mr Cheong, who is directly associated with Fraser & Neave Ltd, a substantial shareholder of the company.

Conflicts of interest

Upon their appointment, Directors are requested to disclose to the Company any interest or directorships which they may hold with other organisations and to update this information if it changes during the course of their directorship. Directors and senior management are also required to identify any conflicts of interest they may have in dealing with PMP's affairs and refrain, where required, from participating in any discussion or voting on those matters.

Chairman

The Chairman of the Board, Mr Matthew Bickford-Smith, is an independent Non-Executive Director. The Chairman is responsible for leadership and effective performance of the Board and the maintenance of productive relations between the Directors and the management team. The Chairman's responsibilities are set out in more detail in the Board Charter.

Director appointment, training and continuing education

Each independent Non-Executive Director has signed a letter of appointment detailing the terms of their appointment, which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities and the matters recommended in the ASX's principles.

Induction training is provided to all new Directors. It includes an induction manual with information on the Company and its financial position, culture and values, company policies, rights and responsibilities of Directors and the role of the Board and management. The Board has regular discussions with the CEO and management and is invited to attend tours of PMP's operational sites.

Directors are expected to maintain the skills required to discharge their obligations to the Company. PMP undertakes an ongoing program to keep Directors abreast of the nature of its business,

current issues and corporate strategy. Directors also have access to, and are encouraged to undertake, continuing education opportunities to update and enhance their skills and knowledge and have a strong working relationship with operational management.

Board access to information and independent advice

Subject to identification of any conflict of interest, Directors have direct access to senior executives as required and to any Company information in the possession of management it considers necessary to make informed decisions and to discharge its responsibilities.

All Directors have access to the Company Secretary who is accountable to the Board, through the Chairman. The Board must approve the appointment and removal of the Company Secretary.

Any Director can seek independent professional advice in the discharge of their duties and responsibilities to PMP. PMP will reimburse reasonable expenses incurred in obtaining this advice. Unless the Chairman determines otherwise, the advice will generally be circulated to the Board.

Board meetings

The Board and the Committees meet on a regular basis and additional meetings at call required to address specific issues. The Chairman, in conjunction with the CEO and the Company Secretary, sets the agenda for each meeting. Any Director may request matters to be included on the agenda.

Directors receive Board papers in advance of the Board meetings and these papers provide them with sufficient information to enable them to participate in informed discussion at each meeting. The Board's practice is for Non-Executive Directors to meet regularly without the presence of management.

Details of Board and Committee meetings held during the 2014 financial year and attendance at those meetings are set out on pages 17, 22 and 23 of this Report.

5.2 BOARD COMMITTEES

Role, membership and charters

The Board has the ability under the Constitution to delegate its powers and responsibilities to Committees of the Board. This allows the Directors to spend additional and more focused time on specific issues.

The Board has established standing Committees to assist with the effective discharge of its duties, as follows:

- Audit and Risk Management Committee; and
- Appointments and Compensation Committee.

Membership of the Committees is based on Directors' qualifications, skills and experience.

Non-Committee members, including the CEO, attend Committee meetings by invitation.

Each Committee operates under a specific Charter approved by the Board, detailing its role, duties and membership requirements. The Board reviews the appropriateness of the existing Committee

structure, as well as the membership and Charter of each Committee.

Audit and Risk Management Committee*

Members

The current members are:

- Peter Margin (Chairman)
- Matthew Bickford-Smith
- Anthony Cheong

Attendance

Committee Member	Meetings attended
Peter Margin (Chairman)	5 (out of a possible 5)
M Bickford-Smith	5 (out of a possible 5)
A Cheong	1 (out of a possible 1)
Goh S N	4 (out of a possible 4)

Composition

The charter provides that the Committee must comprise:

- At least three Non-Executive Directors, a majority of whom are required to be independent;
- Members who are financially literate;
- At least one member shall have relevant qualifications and experience;
- Some members shall have an understanding of the industry in which PMP operates; and
- The Chairman must be an independent Non-Executive Director who is not the Chairman of the Board.

Responsibilities

The Audit and Risk Management Committee provides assistance to the Board in relation to its corporate governance and oversight responsibilities by reviewing, assessing and making recommendations in relation to:

- Ethical considerations and compliance with the Code of Conduct;
- Financial reporting;
- Internal control structure;
- Risk management framework and systems;
- Policies to reduce exposure to fraud;
- Health, safety and the environment; and
- Internal and external audit functions.

The Audit and Risk Management Committee has direct and unlimited access to the external auditors. The external and internal auditors and the Executive General Manager – OHSE & Risk have direct and unlimited access to the Audit and Risk Management Committee.

Appointments and Compensation Committee

Members

The current members are:

- Matthew Bickford-Smith
- Naseema Sparks

Attendance

Committee Member	Meetings attended
M Bickford-Smith (Chairman)	5 (out of a possible 5)
Naseema Sparks	5 (out of a possible 5)

Composition

The Charter provides that the Committee may only comprise Non-Executive Directors. Despite the recommendation in Recommendation 8.2, that the Committee is chaired by an independent chair and the committee has at least three members, the Chairman of the Board is also the Chairman of this Committee and the Committee only comprises two members. The Board believes with this structure the committee is of sufficient size and independence to discharge its mandate effectively. The committee's members and their record of attendance in the last financial year are set out in section 4.

Responsibilities

PMP combines the roles and responsibilities of the Nomination Committee and the Remuneration Committee in its Appointments and Compensation Committee.

The Appointments and Compensation Committee has ultimate authority for executive remuneration policy. The Remuneration Report provides further detail on the role of the Committee in respect of compensation.

In relation to appointments, the Committee:

- Reviews Director competence standards and Board succession plans; and
- Evaluates the Board's performance and makes recommendations for appointing or removing Directors.

In relation to compensation, the Committee makes recommendations to the Board on:

- Executive remuneration and incentive policies;
- Senior management remuneration packages;
- Recruitment, retention and termination policies for senior management;
- Incentive schemes;
- Superannuation arrangements; and
- The remuneration framework for Directors.

The Committee is also responsible for evaluating potential candidates for executive positions, including the role of CEO, and overseeing the development of executive succession plans.

The CEO has the authority to employ and remunerate executives within the scope of the policy established by the Committee. In

carrying out its duties, the Committee is committed to providing sound remuneration policies and practices that enable PMP to:

- Attract and retain high quality executives and Directors who are dedicated to the interests of PMP shareholders; and
- Fairly and responsibly reward executives, while taking into account the interests of shareholders, the Company's performance, the performance of the relevant executive and market conditions.

In executing its responsibilities, the Committee has unlimited access to senior management. It also has the Board's authority to seek information it requires from employees and external parties and obtain outside legal or other professional advice at the expense of PMP Limited.

5.3 RISK MANAGEMENT

PMP believes that shareholder value is driven by taking considered risks, and that effective risk management is fundamental to achieving strategic, operational and compliance objectives of PMP. PMP views risk management as a continuous process and a fundamental driver of effective corporate governance and value generation.

The Board is responsible for overseeing the implementation of an effective system of risk management and internal control. The responsibility for designing, implementing and maintaining a sound system of risk management and internal control has been delegated to management through the CEO.

The Audit and Risk Management committee assists the Board with its oversight responsibility by reviewing, assessing and making recommendations to the Board in relation to the risk management framework and internal control structures put in place by management.

In order to assist the CEO to oversee the implementation and effective operation of the systems of internal controls and risk management, the executive management team meets at least quarterly and formally reviews the material strategic, operational and compliance risks. Management is also responsible for completing, on a six monthly basis, the internal control questionnaire supporting the section 295A compliance statements; and attending Audit and Risk Management Committee meetings as required, to assist the committee in its oversight of risk.

PMP's policy is to apply a common framework across all businesses to identify material risks and implement appropriate mitigation processes. To this end, PMP maintains a risk management framework that provides a consistent and systematic view of the risks faced by the company. The risk identification, analysis, treatment and monitoring procedures follow Risk Management Standard ISO: 31000 and Principle 7 of the ASX Principles.

Risk Management Framework

The risk management framework incorporates input from a range of existing systems, programs and policies including:

- A comprehensive health, safety and environment program;

- A delegation of authority policy, including guidelines and approval limits for operational and capital expenditure and investments;
- A comprehensive annual insurance program;
- A board approved finance policy to manage exposure to credit and liquidity risks;
- Annual budgeting and monthly reporting systems for all divisions to monitor performance against budget targets; and
- The identification and assessment of strategic risks during the annual strategic planning cycle.

Management Representation

Detailed and comprehensive questionnaires are completed by all business units and functional management on a six monthly basis. These questionnaires include management's assessment of risk management, financial reporting and the internal control environment operating within each business unit. The questionnaires are reviewed by executive management as part of the half-yearly reporting to the market and to achieve compliance with section 295A of the Corporations Act and Recommendation 7.3 of the ASX Principles.

Based on the questionnaires, the Board has received written assurance from the Chief Executive Officer and the Chief Financial Officer that, to the best of their knowledge and belief, the declaration provided to them is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Internal audit

The internal audit function conducts a series of risk-based reviews based on a plan agreed with management, the internal auditors and the Audit and Risk Management Committee. In order to ensure the independence of the internal audit function, the Audit and Risk Management Committee review and endorse the planned internal audit activities. The internal audits are undertaken by an external firm of accountants. The risk management framework is periodically independently reviewed to provide assurance as to the adequacy of the framework.

Inherent Operational Risks

The company believes there are a number of operational risks which are inherent in the industry in which it operates. These include:

- Industry overcapacity;
- Reliance on continuity of supply from utilities and raw inputs;
- Fluctuations in demand volume; and
- Weak consumer confidence.

The identification of these risks is provided to assist stakeholders to understand the nature of risks faced by PMP and the industry in which it operates. It is not necessarily an exhaustive list.

Occupational health and safety regulation

The safety and security of our staff are of paramount importance to the Company. Staff and management continue to work to improve safety performance and to make a safer workplace. PMP has plans in place and continue to implement initiatives to drive improvement. The 2014 financial year saw the continuation of the SafetyMAP certification for the Company. During the year, the Lost Time Injury Frequency Rate has decreased from 9.5 to 6.3. Safety, health and environment policy and procedures have been enhanced to ensure the health, safety and welfare of workers underpin the Company's safety management plans, and are in line with the prescribed requirements of the applicable health and safety legislation.

During the year PMP Print was charged with a safety violation in Victoria. The Victorian incident related to an injury to a maintenance employee who was employed by PMP Print in 2013. Gordon and Gotch is also expected to be sentenced on 7 October 2014 in relation to a contractor fatality that occurred in NSW in 2010. Board and management regret the impact both incidents have had on the individuals, their colleagues and families, and have reviewed and continue to monitor the practices required to ensure the incidents do not repeat.

Whilst recognising an improved Lost Time Injury Frequency Rate from previous years the Company has been designing a new reporting methodology to commence in the new fiscal year. This includes the move to a more inclusive reporting metric for injuries (significant injury frequency rate) and a focus on positive performance indicators. These changes are also being incorporated into the short term incentive program which will be implemented across all site managers and senior leadership roles in the company.

5.4 GOVERNANCE POLICIES

Code of Conduct

*Code of Conduct**

The Code of Conduct is PMP's cornerstone corporate governance policy. The Code of Conduct provides a consistent understanding of the expected behaviour towards each stakeholder. It stipulates that:

- PMP is to conduct its business with honesty, integrity and respect for the interests of its stakeholders;
- PMP employees will avoid any personal, financial or other real or apparent conflicts of interest that could compromise the performance of their duties;
- PMP will continually strive to be a good corporate citizen, including complying with laws and regulations of Australia and New Zealand and in each state and territory in which it operates;
- PMP employees will ensure that resources of PMP are used for their intended use;
- PMP is to respect the privacy of private information, including customer, business partner and fellow employee information;
- PMP is to continually strive to provide a safe and healthy work environment for all employees;

- PMP is to recognise and act upon its responsibility to limit negative impacts on the environment and the communities within which it operates; and
- PMP is to ensure that there is a clear communication process for material items of concern between employees and the Board via open and non-hierarchical communications including whistleblower provisions.

Whistleblower Policy and Fraud and Corruption Prevention

Key elements of PMP's whistleblower policy are as follows:

- PMP encourages employees to report, in good faith, any violations of the standards, requirements and expectations described in the Code of Conduct;
- require appropriate action be taken in response to any such violations; and
- require that where an employee reports, in good faith, an actual or suspected violation of this Code of Conduct, the position of the reporting officer will be protected and remain confidential unless disclosure is required by law.

Trading in PMP Shares

*Director and Executive Share Purchasing Policy**

Under its share purchasing policy, PMP Directors and Executives are not permitted to buy and sell shares in the company when they are in possession of information that is not generally available and if it were available, it would - or would be likely to - influence investors in trading PMP shares, and they also may not trade in PMP shares during specific black-out periods. The black out periods are:

- a. the period of 30 days immediately leading up to 31 December through to the day half year results are announced (including the day half year results are announced);
- b. the period of 30 days immediately leading up to 30 June through to the day full year results are announced (including the day full year results are announced); and
- c. the period of 30 days immediately leading up to the Annual General Meeting (including the day of the Annual General Meeting).

The Board of PMP may also declare a black out period for a specified period at other times (such as prior to the announcement to the Australian Securities Exchange of a significant event such as change in control transaction or capital raising). At all other times these officers are permitted to trade in PMP shares.

Appropriate Communication and Disclosure

PMP recognises the importance of open and effective communication with all stakeholders. Therefore, PMP requires its officers and employees to act at all times with integrity and in accordance with the law, including the disclosure requirements of the ASX Listing Rules, ASX Principles and the Corporations Act. PMP has a Disclosure Committee comprising the Chief Executive Officer, Chief Financial Officer and Company Secretary/General

Counsel, which meet as and when required.

Disclosure and Shareholder Communication Policy*

PMP's Disclosure Policy requires any price sensitive information concerning PMP to be disclosed to the market and to be communicated to the ASX before any other person. The policy prevents selective disclosure by:

- ensuring only authorised spokespeople comment on behalf of PMP; and
- providing a process for issuing any external statement or press release that has been previously channelled through the Chief Executive Officer.

It also sets out protocols for handling trading halts, responding to market speculation and avoiding inadvertent disclosure. The Policy ensures shareholders can make informed decisions about their investment in PMP by providing them with:

- the annual and half year reports;
- disclosures made to ASX;
- notices and explanatory memoranda of General Meetings;
- the AGM, where the external auditor will be available to answer questions about the audit; and
- its website www.pmplimited.com.au.

Diversity Policy*

Diversity Policy Statement

PMP strives to provide industry leadership for workforce diversity by:

- integrating diversity principles in all aspects of human resources management policies such as recruitment, selection and training;
- considering options to enable flexible working practices;
- conducting pay equity reviews;
- facilitating equal employment opportunities based on merit; and
- striving to build safe working environments by taking action against inappropriate workplace and business behaviour that does not value diversity including discrimination, harassment, bullying, victimisation and vilification.

During the reporting period the company produced its public report to the Workplace Gender Equality Agency, a copy of which can be found on PMP's website. As a diverse business, PMP employs a broad range of occupational groups to staff its creative, analytic, print and distribution businesses. Consequently PMP seeks to attract talent from different labour markets, trades and professions. PMP's current gender profile reflects our reliance on trades and engineering for our print business and the associated lack of gender balance in that sector. Measureable objectives have not been set while recruitment and pay freezes are in place and the Company focuses on completing its transformation program.

The proportion of females employed in the Company under the following classifications is set out as follows:

Board of Directors	20%
PMP Executive Management Team	10%
PMP Group Employees (Australia)	25%

* Summaries of these documents are available in the Corporate Governance section of PMP Limited's web site: www.pmplimited.com.au

6. Other Matters

6.1 REMUNERATION POLICY

The Group's remuneration policies for Directors and management are detailed in the Remuneration Report included in this report. Non-Executive Directors' fees are within the limits set by shareholders at the 2004 Annual General Meeting, and are set at levels which fairly represent the responsibilities of, and time spent by, the Non-Executive Directors on Group matters.

6.2 PRINCIPAL ACTIVITIES

The principal activities of the PMP Group are commercial printing, digital premedia, letterbox delivery, and magazine distribution services.

6.3 RESULTS

The consolidated result after income tax of the PMP Group for the financial year ended 30 June 2014 was a \$3.4 million profit (2013: \$70.2 million loss).

6.4 DIVIDENDS

No dividends were paid or declared to members during the financial year.

	2014 \$000's	2013 \$000's
No dividends were declared or paid during the year ended 30 June 2014 (2013: Nil)	—	—
	—	—

6.5 REVIEW OF OPERATIONS

For a full report on operations for the FY14 year, see the Chief Executive Officer's Review on pages 6 to 14 of this Annual Report. In summary, FY14 EBIT (before significant items) fell by \$5.0M or 14.7% to \$28.8M compared to \$33.8M in the prior year due in part to \$4.1 million of higher property rental expense associated with the property sale and leaseback. This was in the upper end of market guidance while net profit after tax (before significant items) for FY14 fell 17.8% to \$11.8M (\$14.3M in FY13). Balances for the prior year have been restated due to the adoption by PMP on 1 July 2013 of AASB 119 Employee Benefits (revised). Prior year EBIT of \$34.4M was restated down by \$0.6M to \$33.8M and net profit after tax (before significant items) of \$14.8M was restated down to

\$14.3M. Cash interest paid fell \$6.5M from \$18.0M to \$11.5M.

The third phase of transformation has been undertaken resulting in a broad range of restructures and cost reduction programmes across the company with savings at Gordon & Gotch, Griffin Press, PMP New Zealand, PMP Australia and the Corporate functions.

As such, PMP has now reduced its cost base, reduced the financial risk with lower debt and will now continue to focus on making the company more competitive especially across Print and Distribution. PMP Australia's EBIT (before significant items) was down from \$30.6M last year to \$20.9M in fiscal 2014. While we were successful in growing the Distribution business with a 10% increase in volumes, Print had another tough year. We signed new cross sell contracts however, this was offset by anticipated lower Directory volumes down 72% in metro and regional print volumes.

Following the closure of the Chullora site the remaining programme was successfully transitioned to our Moorebank site.

Heatset sell prices remained very competitive in a softer retail market with catalogue volumes 3% lower pcp, while book printing at Griffin Press had a good year retaining existing contracts and winning new business. The phase 3 transformation savings and lower lease costs at Chullora and Digital were partially offset by \$4.1M of additional property rental expense.

Gordon & Gotch EBIT (pre significant items) of \$3.4M was \$2.3M higher pcp as benefits from further cost restructuring more than offset the impact of lower volumes (down 5.3% pcp).

PMP New Zealand EBIT (pre significant items) of \$9.9M was up year on year. Tough Heatset market conditions continued with lower sell prices but this was largely offset by higher Distribution activity, improved sheet-fed sales and further focus on cost controls, input costs and additional transformation around the sheet-fed business in Auckland.

The Board has set down a clear strategy and the disciplined execution of this strategy is delivering benefits. The company's Transformation Plan Phase 3 has delivered \$16.4M of annualised savings with a full year cash cost of \$11.2M.

EBITDA margin (before significant items) has fallen slightly to 7.1% compared to 7.3% in prior year, while Free Cash Flow increased to \$44.0M compared to \$27.5M in FY13.

Net debt reduced to \$51.7M, down by 42% compared to FY13 and the company's net debt to EBITDA (before significant items) was 0.8 times, down from 1.2 times in the prior year.

6.6 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In October 2013, the company announced the issue of an unsecured \$50 million corporate bond. The bond has a fixed coupon of 8.75% per annum and a four year term. The proceeds were used to pay down bank debt, diversify funding sources and increase the tenure of the company's debt.

The final element of the company's Australian property sale and lease back program was completed in February with the sale of the remaining portion of the Clayton site in Victoria, receiving net

proceeds of \$7.6M which generated a profit on sale of \$4.0M.

6.7 RISKS, LIKELY DEVELOPMENTS AND FUTURE PROSPECTS

PMP's business segments are in printing and distribution of publications including catalogues, magazines, books, and directories. PMP's long term profitability and cash flows are responsive to domestic economic conditions in Australia and New Zealand. For example, catalogue printing and distribution is driven by consumer confidence and retailer activity and the printing of these publications are all influenced by user migration to electronic information platforms.

As noted under Inherent Operational Risks on page 24, the company believes there are a number of operational risks which are inherent in the industry in which it operates. These include overcapacity in the print industry which affects prices; the company's reliance on the continuity of supply from utilities and the availability and cost of raw inputs; fluctuations in demand volume; and ongoing weak consumer confidence.

Catalogue printing and distribution make up the majority of PMP's earnings and recent experience indicates that retailers are using an integrated advertising approach where online media and traditional media are combined for greater effect. However, the company expects that the current challenging market conditions will continue with cyclical weakness in consumer spending, pagination and volumes.

In response to this the company has transformed its cost base to recognise the new revenue realities. It has reduced financial risk by prioritizing strong free cash flow to reduce debt in order to build a more competitive PMP.

Overall the core print industry has been progressively shrinking for a number of years and the company expects that the industry will undergo rationalisation before achieving equilibrium, however in the meantime the impacts of overcapacity will continue to be felt. The company will investigate opportunities to participate in any industry rationalisation and will develop strategies to become retail specialists delivering content to mass market through multiple channels.

During fiscal 2015, it is expected a further phase of transformation will take place and it will not be as material as earlier stages. It will look to achieve efficiencies from a range of measures that include process simplification and benefits from system upgrades.

6.8 ENVIRONMENTAL REGULATION PERFORMANCE

PMP is committed to conducting its business activities with respect for the environment, while continuing to meet its obligations to its shareholders, employees, customers and suppliers. PMP believes its operations are in compliance with all environmental regulations to the extent material to its financial position or results of its continuing operations. As of the date of this report, there were no material legal proceedings concerning environmental matters pending against PMP or against any of its properties.

PMP completed the required Australian Federal Government Environmental Indicators Survey, National Pollution Inventory and the Energy Efficiency Opportunities reports.

6.9 SHARE ISSUES

There were no shares issued during the year ended 30 June 2014.

6.10 SHARE RIGHTS

The names of the persons who currently hold rights are entered in the register of rights kept by the Company pursuant to Section 168 of the Corporations Act 2001. Pursuant to an Australian Securities and Investments Commission Class Order, the Directors have taken advantage of relief available from the requirement to disclose the names of executives not being Directors (other than the key management personnel executives of the Group) to whom rights are issued, and the number of rights issued to each person.

6.11 NON-AUDIT SERVICES

The Audit and Risk Management Committee reviewed the non-audit services provided by Deloitte Touche Tohmatsu. These non-audit services include taxation compliance and consulting services. The following non-audit services were provided during the 12 months to 30 June 2014:

Description of non-audit services <a>	Australia \$	New Zealand \$
- Consulting services	—	—
- Taxation and related advisory services	72,275	73,916
	72,275	73,916

<a> Unless otherwise specified all amounts have been paid or are due and payable to a member firm of Deloitte Touche Tohmatsu or its affiliates..

In accordance with advice provided by the Audit and Risk Management Committee, the Directors are satisfied that – based on the approval procedures required for the external auditors to provide non-audit services to PMP and from a review of actual services provided – the non-audit services provided by Deloitte Touche Tohmatsu met the standards of independence.

6.12 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 "Audit Independence Declaration" provided by the PMP Group external auditors, Deloitte Touche Tohmatsu. The Audit Independence Declaration has been attached to the Directors' Report on page 39.

6.13 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

PMP has liability insurance policies for all Directors and Officers of the PMP Group.

The policy agreement prohibits disclosure of the policy terms and the premium paid. Directors and Officers are also indemnified by the company against all liabilities to another person (other than

PMP or a related body corporate) that may arise from their position as Directors or Officers of PMP and the PMP Group. The insurance cover and indemnity is not applicable where the liability arises out of conduct involving a lack of good faith.

6.14 SIGNIFICANT EVENTS AFTER BALANCE DATE

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.

6.15 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.

7. Remuneration Report

7.1 COVERAGE

This remuneration report outlines the Director and executive remuneration arrangements in accordance with the requirements of the Corporations Act 2001 and its Regulations. It covers the Directors of PMP, including the Chief Executive Officer (CEO), and other key management personnel with the authority and responsibility for planning, directing and controlling the activities of PMP. The report also contains information about the broader remuneration practices applying to management below the executive level.

7.2 REMUNERATION PRINCIPLES

PMP's Remuneration Policy provides a direct link between remuneration and corporate performance by:

- Offering sufficiently competitive rewards to attract and retain high calibre executives;
- Putting a significant portion of executive remuneration at risk against pre-determined performance benchmarks;
- Setting appropriate stretch performance hurdles to variable executive remuneration;
- Linking short term incentives to both company and personal performance;
- Linking long term incentives (including rights) to shareholder value measures and performance hurdles; and
- Providing full legal compliance and disclosure of executive remuneration.

The Board also recognises that, although remuneration is a major factor in recruiting and retaining talented and effective people, other factors play a substantial role in attracting suitable candidates, including: PMP's business operations, corporate reputation, ethical culture and other human resources' policies and practices.

Combined with its policies, PMP's remuneration principles ensure that:

- Executive remuneration packages are appropriately benchmarked against the market for comparative roles in similar sized entities at the time of appointment and upon review;
- Executive remuneration packages for key middle and senior personnel include an at risk variable component that is developed in line with the PMP Short Term Incentive program; and
- Variable pay schemes align to key areas of focus for the business. Current standard performance criterion includes: Earnings Before Interest and Tax (EBIT); safety performance (measured by the lost time injury frequency rate); and personal objectives that align personal behaviours and professional development with the overall goals of the company.

7.3 REMUNERATION STRUCTURE

The roles and responsibilities of the Remuneration Committee are discussed on page 23. The Board believes well designed and managed short and long term incentive plans are important elements of employee remuneration, providing tangible incentives for employees to strive to improve PMP's short term and long term performance, and giving them a common interest with shareholders.

The three tiers of the structure are:

- Fixed remuneration made up of base salary including statutory superannuation and other incidental benefits;
- Short term performance incentives (STI) / other accepted variable pay schemes; and
- Longer term equity-based incentives through employee share rights plan (LTI), which usually pertain to the senior leadership.

This three-tier structure results in management having more of their total remuneration and reward package at risk, linked to individual performance and business results and, in the case of longer term incentives, to the long term performance of the company.

To ensure executives are sufficiently motivated and aligned with PMP company performance objectives, executives are expected to have at least 25% of their maximum potential remuneration at risk.

Base salary

PMP generally sets salaries based on a classification structure which is referenced to the market median, while also allowing flexibility from this reference point where it is warranted by individual performance levels. The remuneration structure is managed by the Human Resources function leveraging tools such as: job evaluation, career level benchmarking and salary reviews. PMP's remuneration system allows flexible packaging of benefits via salary sacrifice at no additional Total Employment Cost (TEC) to the company.

Superannuation

PMP complies with all relevant statutory superannuation obligations to its employees. The standard company superannuation plan is

primarily an accumulation plan, providing a lump sum benefit equal to the balance of a member's account, which includes contributions made by the member and the relevant PMP group entity, together with net fund earnings.

Relevant superannuation contributions for all senior executives form part of the executive's total remuneration package. All such amounts are included in the fixed remuneration disclosed for the CEO and members of the senior executive team in this report.

Other benefits

PMP does not provide senior executives or Directors with benefits such as life insurance, vehicle allowance, club memberships or retirement benefits other than the superannuation benefits previously discussed.

Variable remuneration

PMP links all variable remuneration to performance. The proportion of variable remuneration increases with job responsibility, with senior executives having a greater proportion of their remuneration at risk.

Short term incentives - STIs

The STI plan applies to key middle and senior personnel roles, directly linking variable remuneration to PMP's corporate strategy. The employee's STI percentage is the maximum amount that will be paid for achieving performance goals. Results above the target goal will not increase the incentive payment above the STI percentage, unless authorised by the CEO. As a general rule, no discretionary bonuses outside the STI program will be approved. Proposals for discretionary bonuses outside the STI program must be authorised by the CEO.

STI entitlements are formalised after the end of year accounts have been finalised and paid in September. STI payments to the CEO and other specified executives satisfying the definition of Key Management Personnel are disclosed in this report.

Target achieved	Percentage of STI target achieved		Percentage of base TEC achieved
	EMT	Other	(EMT example)
Below threshold	None	None	—
Target	100%	100%	25%
Exceptional	CEO discretion		CEO discretion

Table 1. STI percentages.

STIs - Performance conditions

PMP's primary measure for STIs is EBIT - Earnings Before Interest and tax (before significant items) - a commonly used financial indicator of operating performance. Other non-financial performance conditions focus management and executive activities on operating performance and employee safety and align individual behaviours with company strategy. Non-financial performance criteria of executives are set by the CEO in consultation with the Appointments and Compensation Committee.

Long term incentives - LTIs

The LTI plan aligns an element of executive rewards with the creation of shareholder wealth. LTIs apply to executive managers with the greatest authority and most strategic influence over PMP's direction, profitability and growth.

Under the LTI plan, participants are granted performance rights, which entitle them to receive PMP shares after a vesting period, if the performance conditions are satisfied. The rights are granted annually (following the announcement of the Group's results) to each participant to the value of between 25% and 50% of that person's TEC. The number of rights granted is based on the Company's weighted average share price for the one week period up to and including the grant date. These rights only vest if the Group achieves the long-term performance conditions detailed in [Table 3]. The Executive Share Purchasing Policy prohibits executives from hedging pre-vested awards under the LTI plan.

2014			Fixed annual remuneration <a>	STI <a>	Total	Performance related remuneration
			\$	\$	\$	%
P George	CEO and MD		600,000	421,000	1,021,000	41%
J Nichols	Chief Operating Officer		377,319	133,500	510,819	26%
G Stephenson	Chief Financial Officer (CFO)		475,000	166,488	641,488	26%
P Trainor	MD - PMP (NZ) Limited	<c>	103,860	36,130	139,990	26%

Table 2. Take home pay of the Executive Director and continuing Executives for the year ended 30 June 2014.

<a> Fixed annual remuneration based on current gross salary package, which includes base salary, annual leave, superannuation contributions and the value of non-salary benefits provided to the executive (inclusive of all applicable taxes). The STI represents the actual STI paid based on Performance over the 2014 year. Where appointments commenced during the year the table above represents remuneration from that date.

 P George STI to be paid 66.7% in cash and 33.3% in PMP shares.

<c> P Trainor appointed MD of PMP (NZ) Limited on 04/03/14. Prior to this he was the General Manager of Supply Chain in New Zealand. Remuneration is for the period from 04/03/14 to 30/06/14.

Ref	Rights	Performance Hurdles	Assessment Method	Vesting
A	Rights - \$0 EMT and Senior Managers Issued 01 Oct 09 Expiry 31 Aug 14	The performance hurdles are: Total Shareholder Return (TSR) and Return on Capital Employed (ROCE). 50% of Rights granted are to be subject to each hurdle. Total Shareholder Return If PMP's TSR over the three year period comprising financial years 10, 11 and 12 exceeds the change in the ASX All Ordinaries Accumulation Index over the same period, all of the Rights (being 50% of Rights granted) will vest and become exercisable. Return on Capital Employed hurdle ROCE over the performance period is at least equal to the target average ROCE set by the Board on commencement of the Performance Period. The target ROCE is the greater of the average budgeted ROCE or the average weighted average cost of capital over the performance period.	Will be determined on TSR and ROCE result for FY10, FY11 and FY12. The Board retains discretion to include/exclude from the calculation of ROCE, items which the Board considers are, for example, unusual or non-recurring.	0% vested on 27 Aug 12
B	Rights - \$0 EMT and Senior Managers Issued 01 Oct 10 Expiry 31 Aug 15	The performance hurdles are: Total Shareholder Return (TSR) and Return on Capital Employed (ROCE). 50% of Rights granted are to be subject to each hurdle. Total Shareholder Return If PMP's TSR over the three year period comprising financial years 11, 12 and 13 exceeds the change in the ASX All Ordinaries Accumulation Index over the same period, all of the Rights (being 50% of Rights granted) will vest and become exercisable. Return on Capital Employed hurdle detail as in "B" above.	Will be determined on TSR and ROCE result for FY11, FY12 and FY13.	0% vested on 28 Aug 13
C	Rights - \$0 EMT and Senior Managers Issued 01 Oct 11 Expiry 31 Aug 16	The performance hurdles are: Total Shareholder Return (TSR) and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). 50% of Rights granted are to be subject to each hurdle. Total Shareholder Return PMP's TSR over the three year period comprising financial years 12, 13 and 14 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities. If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest. EBITDA PMP's EBITDA over the three year period comprising financial years 12, 13 and 14 is measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBITDA range.	Will be determined on TSR and EBITDA result for FY12, FY13 and FY14. The Board retains discretion to exclude from the calculation of EBITDA significant restructuring costs or rationalisations..	N/A
D	Rights - \$0 CEO/MD, EMT and Senior Managers Issued 01 Oct 12 Expiry 31 Aug 17	The performance hurdles are: Total Shareholder Return (TSR) and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). 50% of Rights granted are to be subject to each hurdle. Total Shareholder Return PMP's TSR over the three year period comprising financial years 13, 14 and 15 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities. If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest. EBITDA PMP's EBITDA over the three year period comprising financial years 13, 14 and 15 is measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBITDA range.	Will be determined on TSR and EBITDA result for FY13, FY14 and FY15. The Board retains discretion to exclude from the calculation of EBITDA significant restructuring costs or rationalisations.	N/A
E	Rights - \$0 EMT and Senior Managers Issued 01 Oct 13 Expiry 31 Aug 18	The performance hurdles are: Total Shareholder Return (TSR) and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). 50% of Rights granted are to be subject to each hurdle. Total Shareholder Return PMP's TSR over the three year period comprising financial years 14, 15 and 16 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities. If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest. EBITDA PMP's EBITDA over the three year period comprising financial years 14, 15 and 16 is measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBITDA range.	Will be determined on TSR and EBITDA result for FY14, FY15 and FY16. The Board retains discretion as per details in "A" above.	N/A

Table 3. LTI Performance Hurdles and Assessment Methods

LTIs - Performance conditions

[Table 3] summarises the Key Management Personnel LTIs, including their performance conditions and achievement assessment methods.

7.4 SENIOR EXECUTIVE PERFORMANCE EVALUATION

PMP rewards executives for performance. At the beginning of the financial year, the CEO sets objectives for each direct report. This includes corporate goals (such as EBIT excluding significant items, and safety), and personal objectives, including activities

to drive the development of business opportunities across the Group. The CEO reviews performance against objectives during the year and at the financial year-end the outcomes are used to determine overall performance and STI payments. The CEO provides recommendations to the Appointments and Compensation Committee in relation to the STI payments and the performance of the executives in relation to these payments for the Committee to ratify. This was undertaken at the August 2014 Appointments and Compensation Committee meeting.

7.6 COMPANY PERFORMANCE

Tables 4a and 4b show PMP's performance over the last five years with regard to earnings and shareholder returns.

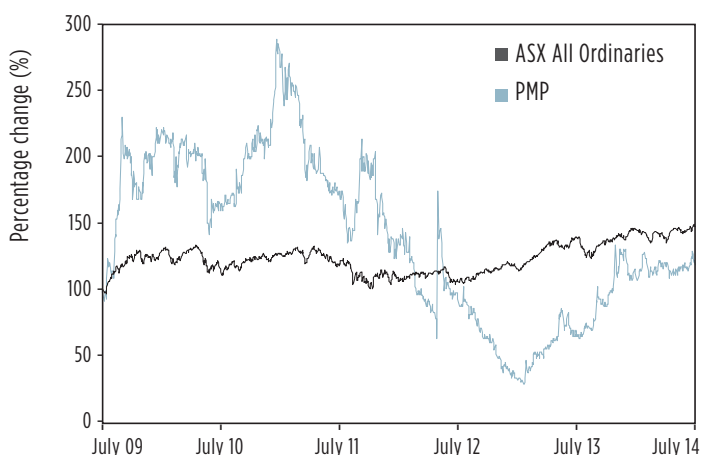


Table 4a. PMP Share Price Performance against ASX All Ords Index.

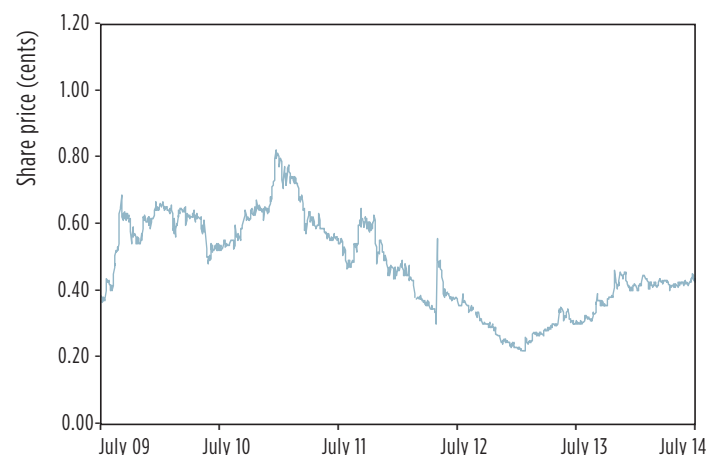


Table 4b. PMP Actual Share Price performance.

Earnings performance indicators		2010	2011	2012	2013	2014
Earnings per ordinary share (basic)	cents	6.2	(3.4)	(7.5)	(21.7)	1.0
Earnings per ordinary share (diluted)	cents	6.1	(3.4)	(7.5)	(21.7)	1.0
Dividend per share	cents	<a> 1.0	 1.0	<c> 1.0	—	—
External sales revenue	A\$ mill	1,212.1	1,194.3	1,093.9	975.8	899.2
Total EBIT (before significant)	A\$ mill	52.2	56.7	32.7	34.4	28.8

Table 4c. PMP earnings performance indicators.

<a> Final dividend FY10, paid FY11.

 Final dividend FY11, paid FY12.

<c> 1.0 cent interim FY12 dividend, paid FY12

7.7 CHIEF EXECUTIVE OFFICER

The following section details the remuneration arrangement for Mr Peter George, the CEO of PMP.

Employment contract

Mr Peter George is employed under a 3 year contract which expires on 22 October 2015. The Company may terminate Mr Peter George's employment with the Company or Mr Peter George may cease his employment by giving not less than six months notice. Where there is significant and material adverse change to Mr Peter George's duties or responsibilities or there is a change of control either Mr Peter George or the Company may terminate Mr Peter George's employment with the Company by paying to Mr Peter George a sum equal to the remuneration plus any STI payment made or due to be made in respect of the prior financial year.

Summary of remuneration structure

Fixed Remuneration:

Base salary including superannuation is \$600,000 per annum.

Short Term Incentive:

Mr Peter George has an STI of up to 100% of his fixed remuneration for the 2013/14 financial year, dependent on achieving a number of targets including EBIT and safety:

- Budgeted EBIT (between 60% - 70% of STI);
- Improved safety (up to 20% of STI); and
- Personal objectives (between 10% - 20% of STI)

Any STI achieved will be paid 66.7% in cash and 33.3% in PMP shares. The number of shares acquired as a result of achievement of this STI is dependent upon the share price at the time of the acquisition as the STI dollar value is fixed. The PMP shares will be purchased on market and will not vest with Mr Peter George until 12 months after the year end to which they relate.

Long Term Incentive:

After shareholder approval at the 2013 Annual General Meeting Mr Peter George was awarded performance rights under the PMP Long Term Incentive Plan to acquire fully paid ordinary shares in the Company with the performance rights being tested against the performance hurdles following the performance period ending 30 June 2015. The maximum number of share rights awarded to Mr Peter George as his LTI was 2,100,000.

The share rights offered to Mr Peter George are split evenly amongst two categories of performance hurdles and will vest subject to the achievement of those hurdles. The first performance hurdle compares PMP's Total Shareholder Return ('TSR') measured against a comparator group consisting primarily of ASX listed entities that are ranked between S&P/ASX 200 – ASX 300 (excluding entities in the metals and mining and materials indexes). The period over which the TSR performance condition is measured is the three year period commencing 1 July 2012. The number of rights that vest is based on rank. Nil rights vest if a rank of less than the 51st percentile is achieved. 50% – 100% of the rights vest if a

rank between the 51st and 75th percentile is achieved. The second performance hurdle is an internal hurdle and is based on PMP achieving target earnings before interest, tax, depreciation and amortisation (EBITDA) at the end of a three year period ending on 30 June 2015.

All rights held by the CEO are disclosed in Table 10.

Remuneration summary

The remuneration paid to Mr Peter George for the year ended 30 June 2014 is set out in the table below:

Salary Component	2014
- Base Salary	\$549,199
- Superannuation	\$50,801
- LSL	\$ –
- STI: Cash	\$280,807
- STI: Shares	\$140,193
- LTI <a>	\$79,200
Total	\$1,100,200

Fixed annual remuneration including superannuation of \$600,000.

<a> This is based on the accrued accounting value in accordance with AASB 2 Share-based Payment and relates to amounts granted to Mr Peter George under the Employee Long Term Incentive Plan. All rights valued in accordance with AASB 2 have been independently valued using the Binomial Option Pricing Model or Monte Carlo Model. In accordance with AASB 2 the non-market conditions associated with these rights were not taken into account when estimating the fair value at grant date. Instead, the number of rights expected to eventually vest is re-assessed at the end of each reporting period.

Table 5. Chief Executive Officer remuneration.

7.8 KEY MANAGEMENT PERSONNEL (OTHER THAN NON-EXECUTIVE DIRECTORS)

PMP's Key Management Personnel during the financial year are: <a>

P George	Chief Executive Officer and Managing Director. Refer section 7.7 for remuneration details.
J Nichols	Chief Operating Officer
G Stephenson	Chief Financial Officer
P Trainor	General Manager - PMP (NZ) Limited

<a> Except as noted the named persons held their position for the entire financial year.

 P Trainor appointed General Manager of PMP (NZ) Limited on 04/03/14. Prior to this, he was the General Manager of Supply Chain in New Zealand

Employment contracts

PMP does not include termination or severance payments for PMP executives in their employment contracts other than agreed notice provisions and the application of the PMP redundancy policy (where applicable).

Name	Notice Period PMP	Notice Period Employee	Termination Payments
J Nichols	3 Months	3 Months	No specific termination payment provided for
G Stephenson	6 Months	6 Months	No specific termination payment provided for
P Trainor	6 Months	6 Months	No specific termination payment provided for

Table 6. Executive Employment Contracts

Remuneration

The table below outlines the remuneration packages of key management personnel (excluding Non-Executive Directors).

All rights are valued in accordance with AASB 2 which have been independently valued in accordance with the Binomial Option Pricing Model or the Monte Carlo Simulation Model. The value of rights awarded to executives during the year are disclosed in Table 8 in the column headed "Actual LTI". This value is based on the intrinsic value of rights on vesting date.

Key management personnel		Short term		Post Employment Superannuation	Long Term LSL	Total excluding rights	Equity rights (m)	Grand total	Rights as a percentage of total remuneration
		Salary	STI						
		\$	\$	\$	\$	\$	\$	\$	%
P George	2014	549,199	421,000	50,801	—	1,021,000	79,200	1,100,200	7%
	<a> 2013	550,459	511,170	49,541	—	1,111,170	59,400	1,170,570	5%
J Nichols	2014	347,826	133,500	29,493	5,762	516,581	108,731	625,312	17%
	 2013	302,694	161,870	27,242	6,047	497,853	33,589	531,442	6%
G Stephenson	2014	457,225	166,488	17,775	—	641,488	156,806	798,294	20%
	2013	436,921	202,338	16,470	—	655,729	63,425	719,154	9%
P Trainor	<c> 2014	103,860	36,130	—	—	139,990	10,971	150,961	7%
Total Remuneration KMP:	2014	1,458,110	757,118	98,069	5,762	2,319,058	355,708	2,674,766	
	2013	1,290,074	875,378	93,253	6,047	2,264,752	156,414	2,421,166	

Table 7. Key management personnel remuneration of the company and the group

- <a> Remuneration is for the period from 01/07/12 to 30/06/13. Chief Operating Officer from 01/07/12 to 21/10/12. Appointed Chief Executive Officer ("CEO") and Managing Director ("MD") on 22/10/12. CEO and MD from 22/10/12 to 30/06/13. STI comprises cash of \$340,950 and PMP shares of \$170,220. 33.3% of his STI is a fixed dollar value which is required to be converted to PMP shares. LTI (equity rights) relates to rights provisionally recorded pending shareholder approval at the 2013 Annual General Meeting.
- Appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/12 as the General Manager of
- <c> P Trainor appointed Managing Director of PMP (NZ) Limited on 04/03/14. Prior to this, he was the General Manager of Supply Chain in New Zealand. Remuneration is for the period from 04/03/14 to 30/06/14.

		Fixed annual remuneration	Maximum STI	Actual STI	Actual STI percentage of maximum STI	Maximum LTI	Actual LTI	Actual LTI percentage of maximum LTI	Maximum potential reward	Actual reward	At risk remuneration (of potential total)
		<f>	<f>	<a>		<c>	<d><e>	<e>			
		\$	\$	\$	%	\$	\$	%	\$	\$	%
P George	<g>	600,000	600,000	421,000	70	79,200	—	—	1,279,200	1,021,000	53%
J Nichols		377,319	190,000	133,500	70	108,731	—	—	676,050	510,819	44%
G Stephenson		475,000	237,500	166,488	70	199,435	—	—	911,935	641,488	48%
P Trainor	<h>	103,860	51,930	36,130	70	10,971	—	—	166,760	139,990	38%

Table 8. Key management personnel achievement of performance hurdles

<a> STIs were paid as EBIT targets and personal objectives were achieved.

 The difference between the Actual Reward and Maximum Reward is the forfeited value.

<c> All long term incentives (LTIs) are composed of "rights". The value attributed to the "2014 Maximum LTI" amount is based on the accrued accounting value in accordance with AASB 2 'Share-based Payment'. Rights have been independently valued.

<d> The value attributed to the 2014 "Actual LTI" amount is the "intrinsic value" of rights exercised during the year. Intrinsic value is calculated as the difference between the share price and exercise price on the date exercised.

<e> Management notes that the method used in this table will result in reporting anomalies in any given period, to the extent that the "Actual LTI" is based on actual exercised rights (intrinsic value), which is being compared to an accrued accounting value.

<f> Based on 'target' goals (100%) being achieved. Achievement of 'exceptional' goals are at CEO discretion.

<g> STI to be paid 66.7% in cash and 33.3% in PMP shares.

<h> P Trainor appointed Managing Director of PMP (NZ) Limited on 04/03/14. Remuneration is for the period from 04/03/14 to 30/06/14. Remuneration paid in New Zealand and Australian dollars. New Zealand dollar remuneration converted into Australian dollars at the average profit and loss rate prevailing during the year.

Share rights

The table below shows share rights granted and vested to key management personnel during the year. No Directors (excluding P George) were granted or hold rights over shares of PMP Limited.

Terms & Conditions for each grant of share rights during the year ending 30 June 2014							30 June 2014
	Granted number	Grant date	Value per right at grant date \$	Exercise price per share \$	First exercise date	Last exercise date	Vested Number
P George	—	—	—	—	—	—	—
C Amos	229,412	10/1/2013	<a>	N/A		8/31/2018	Nil
A Clarkson	420,588	10/1/2013	<a>	N/A		8/31/2018	Nil
D Hogan	202,206	10/1/2013	<a>	N/A		8/31/2018	Nil
J Nichols	558,824	10/1/2013	<a>	N/A		8/31/2018	Nil
G Stephenson	698,529	10/1/2013	<a>	N/A		8/31/2018	Nil
Total	2,109,559						Nil

Terms & Conditions for each grant of share rights during the year ending 30 June 2013							30 June 2013
	Granted number	Grant date	Value per right at grant date \$	Exercise price per share \$	First exercise date	Last exercise date	Vested Number
P George <e>	2,100,000	10/1/2012	<c>	N/A	<d>	8/31/2017	Nil
C Amos	975,000	10/1/2012	<c>	N/A	<d>	8/31/2017	Nil
A Clarkson	893,750	10/1/2012	<c>	N/A	<d>	8/31/2017	Nil
J Nichols	1,187,500	10/1/2012	<c>	N/A	<d>	8/31/2017	Nil
G Stephenson	1,328,125	10/1/2012	<c>	N/A	<d>	8/31/2017	Nil
Total	6,484,375						Nil

Table 9. Top 5 remunerated personnel rights granted

<a> Valuation in accordance with AASB 2 Share-based Payment
Fair value per right - TSR hurdle - \$0.42 (50% of granted rights)
Fair value per right - EBITDA hurdle - \$0.47 (50% of granted rights)

 Following the announcement of the 2015-16 results

<c> Valuation in accordance with AASB 2 Share-based Payment
Fair value per right - TSR hurdle - \$0.06 (50% of granted rights)
Fair value per right - EBITDA hurdle - \$0.16 (50% of granted rights)

<d> Following the announcement of the 2014-15 results

<e> Rights have been recorded following approval by shareholders at the 2013 AGM.

	Balance 1-Jul 2013	Granted as Remuneration	Rights Exercised	Rights Lapsed	Rights Cancelled	Other	Balance 30-Jun 2014	Not Exercisable	Value at exercise date	Share Price at Lapse Date	Value at Lapse Date
									\$	\$	\$
2014								<a>		<e>	
P George	2,100,000	—	—	—	—	—	2,100,000	2,100,000	—	—	—
J Nichols	1,187,500	558,824	—	—	—	—	1,746,324	1,746,324	—	—	—
G Stephenson	1,915,625	698,529	—	(275,000)	—	—	2,339,154	2,339,154	—	0.34	93,500
P Trainor 	—	95,875	—	—	—	—	95,875	95,875	—	—	—
Total	5,203,125	1,353,228	—	(275,000)	—	—	6,281,353	6,281,353	—	—	93,500
	Balance 1-Jul 2012	Granted as Remuneration	Rights Exercised	Rights Lapsed	Rights Cancelled	Other	Balance 30-Jun 2013	Not Exercisable	Value at exercise date	Share Price at Lapse Date	Value at Lapse Date
									\$	\$	\$
2013								<a>			
P George <c>	—	2,100,000	—	—	—	—	2,100,000	2,100,000	—	—	—
J Nichols <d>	—	1,187,500	—	—	—	—	1,187,500	1,187,500	—	—	—
G Stephenson	707,783	1,328,125	—	(120,283)	—	—	1,915,625	1,915,625	—	0.28	33,679
Total	707,783	4,615,625	—	(120,283)	—	—	5,203,125	5,203,125	—	—	33,679

Table 10. Rights holdings key management personnel

<a> No rights are exercisable at 30 June 2014 (2013: nil).

 Appointed Managing Director of PMP (NZ) Limited on 04/03/14.

<c> Appointed CEO and MD on 22/10/12. Rights have been recorded with shareholder approval of his participation in the PMP Long Term Incentive Plan at the AGM in 2013.

<d> Appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/13 as the General Manager of Transformation.

<e> Volume weighted average share price on 01/10/13.

2014	Balance 1 July 2013	On Exercise of Rights	Purchases	Sales	Other	Balance 30 June 2014
Directors						
M Bickford-Smith	200,000	—	—	—	—	200,000
P George <a>	92,619	—	—	—	499,004	591,623
A Cheong 	—	—	—	—	—	—
Goh S N <c>	—	—	—	—	—	—
P Margin	49,900	—	—	—	—	49,900
N Sparks	—	—	—	—	—	—
Total	342,519	—	—	—	499,004	841,523
Executives						
J Nichols	—	—	—	—	—	—
G Stephenson	50,000	—	—	—	—	50,000
P Trainor <d>	—	—	—	—	—	—
Total	50,000	—	—	—	—	50,000

Table 11. Shareholdings of Directors and key management personnel

<a> Short term incentive 2012/2013. 33.3% of Mr P George's STI is a fixed dollar value which is required to be converted to shares. 499,004 shares were purchased by the company on market in the current financial year.

 Appointed 04/03/14.

<c> Resigned 04/03/14.

<d> Appointed Managing Director of PMP (NZ) Limited on 04/03/14.

7.9 NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of Non-Executive Directors is determined by the full Board, within a maximum amount approved by shareholders in a general meeting and with regard to the level of fees paid to Non-Executive Directors by other companies of similar size.

The maximum allowance for the aggregate amount of fees has remained unchanged since 2004 at \$750,000 per annum. In the last financial year, the Board paid \$536,050 of this amount for Non-Executive Director remuneration - as shown in Table 12.

Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Director fees (excluding superannuation) are comprised as follows:

Chairman of the Board	\$170,550
Non-Executive Director	\$75,000
Chair of Audit and Risk Management Committee	\$20,000
Member of Audit and Risk Management Committee	\$12,000
Chair of Appointments and Compensation Committee	\$13,000
Member of Appointments and Compensation Committee	\$8,000
Statutory superannuation	9.25%

There is no element of Non-Executive Director salaries contingent on performance.

7.10 PERFORMANCE ASSESSMENT

In view of the size of the Board the Chairman continuously evaluates Board and Director performance on a one-on-one basis.

7.11 RETIREMENT BENEFITS

Non-Executive Directors receive cash remuneration plus statutory superannuation contributions only.

Specified Directors		Salary & Fees	STI	Share Purchases	Post Employment Superannuation	Long term Employment LSL	Total excluding share-based	Equity Share-based	Grand Total
		\$	\$	\$	\$	\$	\$	\$	\$
M Bickford-Smith (Board Chair)	2014	195,550	—	—	18,088	—	213,638	—	213,638
	<a> 2013	157,909	—	—	14,212	—	172,121	—	172,121
A Cheong	 2014	28,655	—	—	—	—	28,655	—	28,655
I L Fraser	<c> 2013	76,063	—	—	6,846	—	82,909	—	82,909
Goh S N	<d> 2014	58,345	—	—	3,342	—	61,687	—	61,687
	<e> 2013	87,000	—	—	—	—	87,000	—	87,000
P Margin	2014	95,000	—	—	8,788	—	103,788	—	103,788
	2013	95,000	—	—	8,550	—	103,550	—	103,550
N Sparks	2014	83,000	—	—	7,678	—	90,678	—	90,678
	2013	83,000	—	—	7,470	—	90,470	—	90,470
Total Remuneration:									
- Non-Executive Directors	2014	460,550	—	—	37,895	—	498,445	—	498,445
	2013	498,972	—	—	37,078	—	536,050	—	536,050
P George (CEO)	2014	549,199	421,000	—	50,801	—	1,021,000	79,200	1,100,200
	<f> 2013	382,928	511,170	—	34,463	—	928,561	59,400	987,961
R I Allely	<g> 2013	254,510	—	—	5,550	—	260,060	(297,500)	(37,440)
Total Remuneration:									
- Executive Directors	2014	549,199	421,000	—	50,801	—	1,021,000	79,200	1,100,200
	2013	637,438	511,170	—	40,013	—	1,188,621	(238,100)	950,521
Total Remuneration:									
- Directors	2014	1,009,749	421,000	—	88,696	—	1,519,445	79,200	1,598,645
	2013	1,136,410	511,170	—	77,091	—	1,724,671	(238,100)	1,486,571

Table 12. Specified Director remuneration

<a> Appointed Chairman of the Board on 23/11/12.

 Appointed Non-Executive Director of the Board on 04/03/14. Payments made for Directorship services provided by A Cheong are made to Fraser & Neave (Singapore) Pte Ltd.

<c> Retired as Chairman of the Board on 22/11/12 and as Director on 30/11/12.

<d> Retired as Non-Executive Director of the Board on 04/03/14. Payments made for Directorship services provided from 01/07/13 to 02/10/13 by Goh S N of \$22,218 were made to Fraser & Neave (Singapore) Pte Ltd and payments for Directorship services from 03/10/13 to 04/03/14 of \$36,127 were made to Goh S N.

<e> Payments made for Directorship services provided by Goh S N are made to Fraser & Neave (Singapore) Pte Ltd.

<f> P George appointed Chief Executive Officer and Managing Director on 22/10/12. Remuneration is for the period from 22/10/12 to 30/06/13. STI comprises of cash of \$340,950 and PMP shares of \$170,220. 33.3% of P George's STI is a fixed dollar value which is required to be converted to shares. LTI (equity share-based) relates to rights provisionally recorded pending shareholder approval at the 2013 Annual General Meeting.

<g> R I Allely resigned as CEO and MD on 19/10/12 (Termination payment of \$715,000 excluded. Payment made on 16/10/12.)

This report has been made in accordance with a resolution of Directors.



Matthew Bickford-Smith
Chairman



Peter George
Chief Executive Officer and Managing Director

Sydney, 29 August 2014

INDEPENDENT AUDITOR'S DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

29 August 2014

Dear Directors,

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 audit of the financial statements of PMP Limited for the financial year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



T Hynes
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

OPERATING SALES REVENUE

Operating sales revenue for FY14 was \$899.2 million, a 7.8% decrease on the prior year with PMP Australia sales down \$53.7 million while Gordon & Gotch sales fell by \$29 million, a decrease of 8%. Distribution volumes were up 9.5% as new contracts increased market share. Catalogue volumes were 3% lower and directory tonnes fell by 72%.

Sales at PMP Australia (which incorporates the former Print Australia, Digital, Distribution and book printing businesses) fell by 10.9% or \$53.7 million versus last year on lower print sell prices, less volumes from existing print customers in softer retail markets and a 72% fall in Directory volumes. Distribution Australia volumes were up 10.0% from new contract wins. Revenue at PMP New Zealand was up 1.3% or \$2.1 million as higher Sheetfed revenues and a stronger New Zealand dollar offset lower sales in Heatset and at Gordon & Gotch.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

The full-year EBIT (before significant items) was \$28.8 million, down 14.7% or \$5.0 million on the prior year EBIT of \$33.8 million, due in part to \$4.1 million of higher property rental expense (the prior year result has been re-stated by \$0.6 million after adoption of AASB119). Improved EBIT (before significant items) was recorded at Griffin Press which retained contracts and lowered costs, and at Gordon and Gotch which offset lower volumes with further cost restructuring, route changes and retail delivery consolidation. PMP Australia EBIT (before significant items) was down \$9.7 million as Distribution gains, lower lease costs at Chullora and Digital and transformation savings were offset by lower print sell prices, reduced directory tonnes, \$4.1 million higher property rental expense and a 3% fall in catalogue volumes. Corporate costs fell \$2.2 million versus prior year on further cost restructuring.

NET PROFIT AFTER TAX (NPAT)

A net profit of \$3.4 million was recorded for FY14 which was \$73.6 million higher than the \$70.2 million loss in the previous year (re-stated AASB119). The major factor impacting this was a \$76.1 million reduction in significant items in FY14.

EBIT (before significant items) was \$5.0 million lower and interest expense reduced by \$2.3 million. Significant items of \$8.4 million post tax in FY14 consisted mainly of redundancies across all of the businesses partially offset by a profit on sale of the remaining portion of the Clayton property and minor plant disposals.



Geoff Stephenson

B.Bus CPA GAICD

Chief Financial Officer

As CFO of PMP, Mr Stephenson is responsible for all finance and support functions in the Company, leading a corporate team covering financial accounting and management reporting, treasury, taxation and investor relations.

Mr Stephenson has over 30 years of experience with a range of blue chip companies including Iplex Pipelines, Fairfax Media and Goodman Fielder. He has held a range of senior commercial and financial roles at both a divisional and head office level working in Australia and also offshore.

CASH FLOW

The Group's free cash flow * was \$44.0 million compared to \$27.5 million in FY13 mainly due to lower interest payments (down \$6.5 million) and capex (\$18.6 million lower) more than offsetting lower EBITDA (down \$8.2 million). Cash from Operations at \$35.5 million was \$27.9 million up year on year on lower significant items. Net debt fell from \$89.1 million to \$51.7 million down 42%.

BALANCE SHEET

At year end, net assets for the group were \$264.8 million, up \$6.2 million from \$258.6 million in the previous year. The Group's gearing remains strong, with net debt to EBITDA (before significant items) at 0.8 times down from 1.2 times last year, and Net Debt to Equity at 19.5% versus 34.4%. Interest cover was up 5.1 versus 4.7 times. During the year, one property was sold for \$7.6 million and leased back. In October 2013, a \$50M unsecured 4 year corporate bond was issued at a fixed 8.75% coupon with proceeds used to reduce bank debt. The maturity date on the ANZ/CBA debt facility has been extended until September 2015. The \$3.9 million of assets held for sale represents the Christchurch site.

* Free cash flow is defined as EBITDA** pre significant items, less cash payments for borrowing costs, income tax and capex, and movement in working capital.

** EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

HIGHLIGHTS

\$M	2014	2013	% Change
		(Restated)*	
EBITDA (before significant items)	63.4	71.6	(11.5%)
Depreciation & Amortisation	(34.6)	(37.8)	(8.5%)
EBIT (before significant items)	28.8	33.8	(14.7%)
Financing Costs **	(11.6)	(13.9)	16.5%
Income Tax (expense)/ benefit	(5.4)	(5.6)	3.6%
Net Profit (before significant items)	11.8	14.3	(17.4%)
Significant items	(9.1)	(88.5)	—
Income Tax benefit on significant items	0.7	4.0	—
Net gain/(loss)	3.4	(70.2)	—

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

** 2014 excludes Significant Item for the year ended 30 June 2014 of \$443,000 (2013: \$177,000)

SEGMENT REVENUE

\$M	2014	2013	VARIANCE
Sales Revenue			
PMP Australia	439.9	493.6	(10.9%)
PMP New Zealand	160.9	158.8	1.3%
Gordon and Gotch	298.4	323.4	(7.7%)
Corporate	—	—	—
Total	899.2	975.8	(7.8%)

SEGMENT EBIT BEFORE SIGNIFICANT ITEMS

\$M	2014	2013	VARIANCE
		(Restated)*	
EBIT before significant items			
PMP Australia	20.9	30.6	(31.6%)
PMP New Zealand	9.9	9.7	2.4%
Gordon and Gotch	3.4	1.1	—
Corporate	(5.5)	(7.7)	29.0%
Total	28.8	33.8	(14.7%)

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

CASH FLOW

\$M	2014	2013
		(Restated)*
EBITDA before significant items	63.4	71.6
Borrowing costs	(11.5)	(18.0)
Income tax (paid)/refunds	0.3	—
Net movement in working capital	(3.0)	(2.4)
Trading cash flow	49.2	51.3
Significant items	(13.7)	(43.7)
Cash flow from operating activities	35.5	7.6
Asset sales	10.7	74.8
Capital expenditure	(5.2)	(23.8)
Net cash flow	41.0	58.6
(Loss)/gain on New Zealand debt revaluation	(3.7)	(4.4)
Reconciliation to net debt movement	37.4	54.2
Free cash flow *	44.0	27.5

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies

.Free cash flow is defined as EBITDA** pre significant items, less cash payments for borrowing costs, income tax and capex, and movement in working capital.

** EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

BALANCE SHEET

YEAR ENDED 30 JUNE

\$M	2014	2013
Current assets	202.4	220.4
Non-current assets	300.2	328.8
Total assets	502.7	549.2
Current liabilities	163.9	198.0
Non-current liabilities	73.9	92.6
Total liabilities	237.9	290.6
Net assets	264.8	258.6

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
Continuing operations			
Sales revenue	2(a), 21	899,218	975,810
Other revenue	2(a), 21	9,178	33,118
Raw materials and consumables used		(233,733)	(239,249)
Cost of finished goods sold		(285,190)	(309,111)
Employee expenses		(244,549)	(298,310)
Outside production services		(23,359)	(23,293)
Freight		(17,526)	(22,303)
Repairs and maintenance		(14,990)	(16,303)
Occupancy costs		(18,092)	(26,151)
Other expenses		(16,197)	(91,286)
Depreciation and amortisation	2(e), 21	(34,592)	(37,803)
Finance costs	3	(12,077)	(13,714)
Share of (losses)/profits of jointly controlled entity		—	(20)
Profit/(Loss) before income tax	2(c)	8,091	(68,615)
Income tax (expense)/benefit:			
Current tax benefit/(expense) in respect of the current period		(567)	12,127
Deferred tax (expense)/benefit relating to the current period		(4,122)	(13,684)
Total tax (expense)/benefit	4	(4,689)	(1,557)
Net profit/(loss) after income tax		3,402	(70,172)
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains	22	443	516
Income tax relating to items that will not be reclassified subsequently		(133)	(155)
		310	361
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		6,150	2,428
Gain/(loss) on cash flow hedges taken to equity		(6,068)	6,388
Income tax relating to items that may be reclassified subsequently		1,782	(1,903)
		1,864	6,913
Other comprehensive income/(expense) for the period (net of tax)		2,174	7,274
Total comprehensive profit/(loss) for the year		5,576	(62,898)
Basic earnings per share (cents)	26	1.1	(21.7)
Diluted earnings per share (cents)	26	1.1	(21.7)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)	26	323,781	323,781

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
Current assets			
Cash and cash equivalents	27(b)	28,745	21,211
Receivables	5	85,125	96,169
Inventories	6	75,048	80,710
Financial assets	15	—	5,740
Other	7	9,359	8,597
		198,277	212,427
Non-current assets classified as held for sale	8	4,136	7,952
Total current assets		202,413	220,379
Non-current assets			
Property, plant and equipment	9	207,393	233,425
Deferred tax assets	11	58,197	62,074
Goodwill and intangible assets	10	28,415	26,541
Financial assets	15	2,610	2,527
Other	7	3,626	4,262
Total non-current assets		300,241	328,829
Total assets		502,654	549,208
Current liabilities			
Payables	12	120,825	138,897
Interest bearing liabilities - financial institutions	13(a)	15,017	32,848
Income tax payable		20	21
Financial liabilities	15	2,961	1,096
Provisions	14	25,112	25,155
Total current liabilities		163,935	198,017
Non-current liabilities			
Interest bearing liabilities - financial institutions	13(b)	68,708	80,470
Deferred tax liabilities	11	2,535	4,068
Financial liabilities	15	144	632
Provisions	14	2,539	7,405
Total non-current liabilities		73,926	92,575
Total liabilities		237,861	290,592
Net assets		264,793	258,616
Equity			
Contributed equity	16	356,035	356,035
Reserves	18	9,456	7,434
Accumulated losses		(100,698)	(104,853)
Total equity		264,793	258,616

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from customers		1,008,230	1,088,108
Payments to suppliers and employees		(961,277)	(1,061,495)
Interest rate swap close out costs	3	(443)	(1,291)
Interest received		253	267
Interest and other costs of finance paid		(11,499)	(17,976)
Income tax (paid)/received		280	(17)
Net cash flow from operating activities	27(a)	35,544	7,596
Cash flows from investing activities			
Payments for property, plant and equipment		(4,765)	(23,678)
Proceeds from sale of property, plant and equipment		10,187	69,606
Payments for development costs and licences		(443)	(93)
Proceeds from sale of business		537	5,179
Net cash flow used in investing activities		5,516	51,014
Cash flows from financing activities			
Proceeds from borrowings		50,000	—
Repayments of borrowings		(84,140)	(49,522)
Payment of finance lease liabilities		(51)	(89)
Net cash flow used in financing activities		(34,191)	(49,611)
Net increase in cash and cash equivalents		6,869	8,999
Cash and cash equivalents at the beginning of the financial year		21,211	11,703
Effects of exchange rate changes on cash and cash equivalents		665	509
Cash and cash equivalents at end of the financial year	27(b)	28,745	21,211

The above statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	PMP Group (\$'000)					
	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Cash flow hedge reserve	Total equity
		(Restated*)	(Restated*)			(Restated*)
Year ended 30 June 2014	Attributable to equity holders of PMP Limited					
At 1 July 2012	356,035	(35,042)	1,459	1,120	(2,058)	321,514
Currency translation differences*	—	—	2,428	—	—	2,428
Cash flow hedges (net of tax)	—	—	—	—	4,485	4,485
Defined benefit plan (net of tax)*	—	361	—	—	—	361
Total (expense)/income recognised directly in equity	—	361	2,428	—	4,485	7,274
Loss for the year*	—	(70,172)	—	—	—	(70,172)
Total comprehensive (expense)/income for the year	—	(69,811)	2,428	—	4,485	(62,898)
Share-based payments	—	—	—	—	—	—
At 30 June 2013	356,035	(104,853)	3,887	1,120	2,427	258,616
At 1 July 2013	356,035	(104,853)	3,887	1,120	2,427	258,616
Currency translation differences	—	—	6,150	—	—	6,150
Cash flow hedges (net of tax)	—	—	—	—	(4,286)	(4,286)
Defined benefit plan (net of tax)	—	310	—	—	—	310
Total income/(expense) recognised directly in equity	—	310	6,150	—	(4,286)	2,174
Profit/(Loss) for the year	—	3,402	—	—	—	3,402
Total comprehensive (expense)/income or the year	—	3,712	6,150	—	(4,286)	5,576
Share-based payments	—	443	—	158	—	601
At 30 June 2014	356,035	(100,698)	10,037	1,278	(1,859)	264,793

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (Revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other mandatory professional reporting requirements.

The financial report comprises the financial statements of the consolidated entity (PMP Group) consisting of PMP Limited (parent) and its controlled entities. For the purposes of preparing the consolidated financial statements, PMP Limited is a for-profit entity.

Historical cost convention

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

STATEMENT OF COMPLIANCE

Compliance with IFRS

The financial statements comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial statements, comprising the financial statements and notes, thereto comply with International Financial Reporting Standards ('IFRS'). The financial statements were authorised for issue by the Directors on 29 August 2014.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, PMP Group has adopted all of the new and revised Standards and Interpretations issued by the Australian

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Standards Board (AASB) that are relevant to its operations and effective for the year ended 30 June 2014. PMP Group, applies for the first time, certain standards and amendments that apply retrospectively and require restatement of previous financial statements.

CHANGES IN ACCOUNTING POLICIES

Employee Benefits

The PMP Group adopted AASB 119 Employee Benefits (revised) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 on 1 July 2013. The revised standard includes changes to the recognition of income and expenses associated with the PMP Group's defined superannuation plan. Under the revised standard, return on plan assets has been calculated based on the rate used to discount the obligations rather than the expected rate of return on these assets. Furthermore, the discount rate applied has changed from a net discount rate to a gross tax discount rate.

The PMP Group has obtained actuarial assessments and applied amendments resulting in a \$218,000 increase in loss after tax (\$312,000 before tax) for the financial year ended 30 June 2013, \$291,000 increase in the defined benefit asset, increase in deferred tax liabilities of \$87,000 and an increase of \$422,000 in other comprehensive income.

In addition, the revised standard requires discounting of annual leave provisions for balances which are not expected to be utilised within 12 months. This change which has been applied retrospectively has resulted in a \$211,000 increase in loss after tax (\$301,000 before tax) for the financial year ended 30 June 2013, a \$536,000 decrease in the provision for annual leave, a \$158,000 decrease in deferred tax assets, a \$5,000 increase in foreign currency translation reserve and an increase of \$584,000 in other comprehensive income.

There has been a (0.2) cent change in earnings per share for the financial year ended 30 June 2013.

Fair value 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. This standard has not had a significant impact on any of the amounts recognised in the financial statements.

Control, joint arrangements and interest in other entities

The following standards have been adopted by the PMP Group for the first time for the year ended 30 June 2014:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangement Standards;

and

- AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

AASB 10 Consolidated Financial Statements provides a single consolidation model for all entities, based on control, and irrespective of the nature of the investee. The definition of control is focused on power over the investee and the ability to use this power to affect returns from the entity, whether obtained through voting rights or some other contractual arrangement.

AASB 11 Joint Arrangements provides a new definition of joint venture and joint operation and removes optionality around accounting for joint arrangements. Joint ventures are defined by a right to net profit and net assets of the joint arrangement and are required to be equity accounted. Joint operations are defined by a right to assets and obligations for liabilities of the joint arrangements. Share of assets, liabilities, revenues and expenses of joint operations are proportionately consolidated.

AASB 12 Disclosure of Interests in Other Entities requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effect of those interests on financial position, financial performance and cashflows.

There has been no change in accounting for existing arrangements for the year ended 30 June 2014 as a result of applying these standards. However, should any arrangements take place which change existing interests or create new interests in controlled entities, the accounting for such transactions may be different to that applied to transactions in the past.

Key management personnel disclosure requirements

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124 (refer to Note 24). In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

Third statement of financial position

AASB 2012-5 amends Australian Accounting Standards arising from the annual improvements 2009 - 2011 cycle. The amendment which is relevant to the Group relates to the requirement to present a third statement of financial position as at the beginning of the preceding period when applying an accounting policy retrospectively or making a retrospective restatement of items in financial statements, or when reclassifying items in financial statements that have a material effect on the information in the third statement of financial position. PMP is of the view that the retrospective application of AASB 119 (revised) has not had a material effect and accordingly, a third statement of financial position is not required to be disclosed.

STANDARDS AND INTERPRETATIONS ISSUED NOT YET ADOPTED

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
- AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
- AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities' (2013)	1 January 2014	30 June 2015
- AASB 2013-3 'Amendments to AASB 135 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
- AASB 2013-4 'Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
- AASB 2013-5 'Amendments to Australian Accounting Standards - Investment Entities'	1 January 2014	30 June 2015
- AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
- INT 21 'Levies'	1 January 2014	30 June 2015

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.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
- Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
- Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015
- IFRS 15 Revenue from contracts with customers	1 July 2017	30 June 2018

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements are those of the economic entity (PMP Group) comprising PMP Limited (the head entity 'PMP') and its subsidiaries.

The consolidated financial statements include the information contained in the financial statements of PMP and each of its subsidiaries as from the date PMP obtains control until such time as control ceases. Control is achieved when PMP Limited:

- Has power over the investee;
- Is expected, or has rights to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns

The financial statements of controlled entities are prepared for the same reporting period as PMP using consistent accounting policies.

All intercompany balances, transactions, and unrealised profits arising on transactions between Group companies have been eliminated in full.

RECOVERABLE AMOUNT OF ASSETS

At each reporting date, the PMP Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the PMP Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless it does not generate inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that approximates the weighted average cost of capital for that cash generating unit.

The assumptions used in the assessment of recoverable amount are discussed in Note 10.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOREIGN CURRENCIES

Both the functional and presentation currency of PMP Limited and its Australian subsidiaries is Australian dollars. The functional currencies of the overseas operations equates to their local currency. Transactions in foreign currencies are converted to functional currency at the rate of exchange ruling at the date of the transaction.

Monetary amounts payable to and by the entities within the PMP Group that are outstanding at the balance date and are denominated in foreign currencies have been converted to functional currency using rates of exchange at the end of the year.

Non-monetary amounts that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The assets and liabilities of the controlled entities incorporated overseas are translated into the PMP Group presentation currency at the rates of exchange ruling at balance date. The Statements of profit or loss and other comprehensive income are translated at an average rate for the year.

Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

On the disposal of a foreign operation, a proportionate share of the amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the Statement of profit or loss and other comprehensive income, as part of the gain or loss on sale.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash includes cash on hand and in banks. Cash on hand and in banks is stated at nominal amount.

TRADE RECEIVABLES

Trade debtors are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due less provision for amounts not receivable.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost is determined by the average cost method; and
- Finished goods and work-in-progress: cost of direct material and labour and an appropriate proportion of fixed and variable manufacturing overheads based on normal operating capacity.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated

depreciation and any impairment in value. Subsequent costs are included either in the assets carrying value or as a separate asset only when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated or amortised at rates based upon their expected useful lives using the straight line method. Major depreciation periods are consistent with the prior period and are as follows:

- Freehold buildings 40 years
- Leasehold improvements to the lease term
- Printing presses 7.5 to 20 years
- Computer equipment 3 to 4 years

Useful lives are reviewed, and adjusted, if appropriate at each reporting date.

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset. Non-current assets classified as held for sale are not depreciated while they are classified as held for sale.

Where subsequently the decision has been made not to sell an asset classified as held for sale, the asset is valued at the lower of its carrying amount before it was classified as held for sale, adjusted for depreciation that would have been recognised had the asset not been classified held for sale, and its recoverable amount.

PAYABLES

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

LEASES

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of present value of the minimum lease payments or the fair value of the leased property, disclosed as leased property, plant and equipment, and amortised over the shorter of the lease term and useful life of the asset.

The cost of improvements to leasehold property related to these finance leases is capitalised and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Operating leases, which do not transfer to the Group substantially all the risks and benefits of the leased item, are not capitalised and rental payments are included in the determination of the profit and

loss in equal instalments over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are initially recorded as a liability and are then recognised as a reduction in rental expense on a straight line basis over the lease term.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the purchase consideration plus incidental expenses over the fair value of identifiable net assets and contingent liabilities acquired at the date of acquisition of a business. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but is reviewed for impairment each reporting date, or more frequently if events or changes indicate that the carrying amount may be impaired.

At the date of any acquisition, goodwill acquired is allocated to the cash generating unit or groups of cash generating units expected to benefit from the acquisition.

Where the recoverable amount of the cash generating unit is less than the carrying amount of goodwill, an impairment loss is recognised.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included within the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Development and licence costs

Costs incurred in developing or acquiring products or systems that will generate future benefits are capitalised.

Amortisation is charged on a straight-line basis, the expense is taken to the Statement of profit or loss and other comprehensive income through the 'amortisation' line item as follows:

- Database development costs 3 years
- Software development costs 3 - 7 years

Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

REVENUE RECOGNITION

Revenues are recognised at the fair value of consideration received or receivable net of the amount of goods and services tax (GST).

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognised net of returns, discounts and allowances.

When rendering services under contract and the contract outcome, control of the right to be compensated for the services, and the stage of completion can be reliably measured, revenue is recognised on a progressive basis as the costs to complete the service contract are performed.

Dividend revenue is recognised when the Group's right to receive payment is established.

Rental income is recognised as income in the periods in which it is earned.

TAXES

Income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

TAX CONSOLIDATION LEGISLATION

PMP Limited and its wholly-owned Australian controlled entities have implemented tax consolidation legislation.

The head entity, PMP Limited, and the controlled entities in the tax consolidated group account for their own current and deferred amounts. These are measured as if each entity continued to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, PMP Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising are accounted for in accordance with the tax funding agreement, details of which are disclosed in Note 4.

PMP's 100% owned subsidiaries operating in New Zealand also adopt the same approach, with PMP (NZ) Limited heading up the consolidated tax group in New Zealand.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where:

- the GST incurred on purchase of goods and services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables are stated with the GST amount included.

The net amount of GST recoverable from, or payable to, the

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

EMPLOYEE BENEFITS

Wages and salaries, annual leave, sick leave, workers' compensation and long service leave

Provision has been made in the financial statements for benefits accruing to employees in relation to sick leave (where mandatory obligation exists), annual leave, long service leave and workers' compensation. All on-costs, including superannuation, payroll tax, workers' compensation premiums and fringe benefits tax are included in the determination of provisions.

Liabilities arising in respect of wages and salaries, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on corporate bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arise in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits are recognised against profits on a net basis in respective categories.

Superannuation

The PMP Group has a defined benefit fund that provides defined benefits based on years of membership and final average salary and accumulation benefits (defined contribution fund). Employees contribute to the plan at various percentages of their wages and salaries.

An asset or liability in respect of the defined benefit fund is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation plus unrecognised actuarial gains/losses less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit fund has been determined using the projected unit credit actuarial valuation method. Various assumptions are required when determining the Group's benefit obligation. These assumptions and the related carrying amounts are discussed in Note 22.

Contributions to the defined contribution fund are recognised as an expense as they become payable.

Share-based payment transactions

Share-based payment transactions are provided to employees via the PMP employee long term incentive plan and the CEO short-term incentive plan. Information relating to these schemes is set out in Note 23.

The fair value of rights is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the rights. The fair value is determined by an external valuer taking into account the terms and conditions upon which the instruments were granted as discussed in Note 23.

The fair value of the rights excludes the impact of any non-market based vesting conditions. Non-market based vesting conditions are included in assumptions about the number of rights that are expected to ultimately vest. At each balance sheet date, the PMP Group revises its estimate of the number of rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

No expense is recognised for rights that do not ultimately vest, except for rights where vesting is conditional upon a market condition.

INTEREST BEARING LIABILITIES

All loans are measured at the principal amount, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

FINANCE COSTS

Interest costs on funds invested in qualifying assets are recorded as a capitalised cost of the project until commercial production commences. Thereafter, the capitalised interest is amortised over the period that the benefits are expected to be received. Other finance costs are expensed.

PROVISIONS

Provisions are recognised when the PMP Group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

FINANCIAL INSTRUMENTS

The PMP Group uses derivative financial instruments such as forward exchange contracts, interest rate swaps and cross currency swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are initially recognised at cost on the date a derivative contract is entered into and are subsequently re-measured to their fair value.

The fair value of forward exchange contracts is calculated by reference to current forward contracts with similar maturity profiles. The fair value of interest rate swap and cross currency swap contracts are determined by reference to market values for similar instruments.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedge relationship. The PMP Group policy is to undertake hedging in respect of certain recognised assets or liabilities or a firm commitment (fair value hedge relationships); and for highly probable forecast sales or purchases (cash flow hedge relationships).

The PMP Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The PMP Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in the hedging relationship have been and will continue to be highly effective in offsetting changes in fair values and cash flows of hedged items.

(i) Fair value hedge

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss and other comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of profit or loss and other comprehensive income.

Amounts accumulated in equity are recycled in the Statement of profit or loss and other comprehensive income in the periods when the hedged item will affect the profit and loss. However, when the forecast purchase or sale transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included as a basis adjustment to the initial cost or carrying amount of the asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no

longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Statement of profit or loss and other comprehensive income.

EARNINGS PER SHARE

Basic EPS is calculated as net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net result attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

CONTRIBUTED EQUITY

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of the ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Transaction costs arising on the buy-back of ordinary shares is also recognised directly in equity as an increase in the cost of the buy-back.

DIVIDENDS

Provision is made for the amount of any dividend declared, being properly authorised and no longer at the discretion of the entity, on or prior to the financial year end but not distributed at balance date.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. Segment information is presented on the same basis as that used for internal reporting purposes.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 10 - Impairment testing of goodwill and intangibles with indefinite useful lives
- Note 11 - Deferred tax
- Note 28 - Financial instruments

(i) Goodwill, intangible assets, property, plant and equipment

The Group determines 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. These include technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless it does not generate inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs. An estimation of recoverable amount of cash generating units is made by using a value in use model or fair value less costs of disposal. A number of assumptions are made by the Group in this estimation of recoverable amount.

In assessing value in use, the estimated future cash flows, excluding future uncommitted restructurings and associated benefits, are discounted to their present value using a pre-tax discount rate that approximates the weighted average cost of capital for that cash generating unit.

In assessing fair value less costs of disposal, primary consideration is given to external sources of value such as comparable transactions adjusted for costs to sell, market price in an actively traded market or the best information available to reflect the amount to be obtained from disposal. In the absence of comparable transactions, fair value has been assessed using a discounted cash flow methodology. This is supported by EBITDA multiples which serve as an external cross check. PMP believe that this provides the best indication of the recoverable amount to be obtained from disposal of the cash generating unit at arms length between knowledgeable and willing parties.

(ii) 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.

PMP incurred tax losses in both the 2013 and 2014 financial years due to the transformation plan where the Company incurred significant redundancy costs. This has resulted in an extension of the time frame for utilisation of the Australian tax losses and increased the risk of realisation of this asset. The Directors considered it prudent to not recognise \$15.8 million of tax losses (equating to the \$13.2 million 2013 and forecast \$2.6 million 2014 Australian tax losses). 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.

The Directors believe the Australian deferred tax asset value of \$35 million, attributable to tax losses, is supportable given the level of redundancy costs incurred in the previous two years are not expected to re-occur and PMP expects to be earning future tax profits from the 2016 financial year onwards, making it probable that the tax losses will be recouped over a period of 7 to 8 years. The New Zealand deferred tax asset value of \$8.5 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. It should be noted that this will need to be reassessed on an ongoing basis to ensure the deferred tax asset value continues to be supportable, taking into account updated earnings forecast and relevant income tax legislation.

(iii) Fair value measurement and valuation process

PMP has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, PMP determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and relies as little as possible on entity specific inputs. The fair values of all positions include assumptions made on the recoverability based on the counterparty's and PMP's credit risk.

Details of the inputs to the fair value of financial instruments are included in Note 19.

COMPARATIVE AMOUNTS

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Year Ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
2a Revenue			
Sales revenue		899,218	975,810
Included in profit/loss before income tax are the following items of other revenue:			
Other income - external		2,968	3,593
Rental income		1,647	2,090
Net gain on disposal of business	2(c)	—	5,885
Net gain on disposal of property	2(b), 2(c)	3,979	21,033
Net gain on disposal of plant and equipment	2(c)	319	250
Interest			
Bank interest	3	265	267
Total other revenue		9,178	33,118
Total revenue	21	908,396	1,008,928
2b Significant items			
Included in net profit/loss after income tax are the following significant items of income and expense:			
Significant income and expenses			
Gain on disposal of property*	2(a)	(3,979)	(21,033)
Gain on sale of business and fixed assets		—	(5,885)
Net gain on disposal of plant and equipment and non-current assets classified as held for sale		(420)	(332)
Directories' closure costs		—	18,114
Restructure initiatives and other one off costs		13,052	31,956
Impairment of plant, equipment, intangibles and goodwill due to restructure initiatives	2(c)	—	65,861
Finance cost interest rate swap unwind		—	(177)
Write off of prepaid finance costs	3	443	—
Total significant items (included in profit/loss before interest and tax)		9,096	88,504
Tax benefit associated with significant items		2,969	13,688
Tax losses not brought to account		(2,649)	(13,206)
Use of capital gains tax losses not previously recognised		411	3,531
Tax benefit included in net profit/loss after tax		731	4,013
Significant items have been included in the Statement of profit or loss and other comprehensive income within the following categories:			
Other revenue		(4,399)	(27,250)
Employee expenses		10,751	37,164
Repairs and maintenance		111	209
Occupancy costs		763	7,980
Other expenses **		1,427	70,578
Finance costs		443	(177)
		9,096	88,504

* Gain on disposal of property is related to sale and lease-back transactions.

** Other expenses in the 2013 financial year, included a goodwill impairment of \$56.0 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year Ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
2c Profit/(loss) before income tax			
Profit/(loss) before income tax is arrived at after charging/(crediting) the following items:			
Lease rental expenses - operating leases		20,997	18,037
Net foreign exchange loss/(gain)		(175)	11
Share-based payment plans	18	801	—
Net gain on disposal of business	2(a)	—	(5,885)
Net gain on disposal of property, plant and equipment	2(a)	4,298	(21,283)
Impairment of goodwill, intangibles, plant and equipment	2(b)	—	65,861
Bad debt written off		599	1,713
		2014	2013
		\$	\$
2d Auditors' remuneration			
Auditor of the parent entity			
Auditing the accounts		299,330	299,330
Other services			
- Taxation and related advisory services		72,275	100,320
- Consulting services		—	5,250
		371,605	404,900
Network firm of the parent entity auditor			
Auditing the accounts		101,484	89,909
Other services			
- Taxation and related advisory services		73,916	131,532
		175,400	221,441
		2014	2013
		\$'000	\$'000
2e Depreciation and amortisation			
Depreciation			
Freehold buildings	9(a)	27	1,571
Leasehold improvements	9(a)	949	1,298
Plant and equipment	9(a)	32,928	34,056
Leased plant and equipment	9(a)	44	73
Total depreciation		33,948	36,998
Amortisation			
Development and licence costs	10(a)	644	805
Total amortisation		644	805
Total depreciation and amortisation		34,592	37,803
		2014	2013
		\$'000	\$'000
3 Finance costs			
Interest expense			
Bank loans and overdraft		12,378	14,968
Unwind of discount on long term provisions		11	107
Finance lease charges		5	12
Total interest expense		12,394	15,087
Write off of prepaid finance costs	2(b)	443	—
Gain/loss on interest rate swaps - unrealised		(757)	(1,196)
Gain/loss on swaps closed out - realised		(446)	(1,468)
Interest rate swap close out costs		443	1,291
Total finance costs		12,077	13,714
Interest income	2(a)	(265)	(267)
Net finance costs		11,812	13,447

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
4 Income tax			
(a) Reconciliation of income tax expense/(benefit)			
Profit/(Loss) before income tax*		8,091	(68,615)
Prima facie income tax expense/(benefit) thereon at 30% (2013: 30%)*		2,427	(20,585)
Tax effect of timing and other differences:			
Non assessable income		(800)	(3,980)
Capital gains tax losses not previously recognised		(411)	(3,531)
Effect of differences in overseas tax rate		(119)	(40)
Income tax (over)/under provided in previous year		(147)	(596)
Non deductible items for tax purposes		1,090	17,083
Benefit of tax losses not brought to account		2,649	13,206
Income tax expense attributable to profit/(loss) *		4,689	1,557
Major component of income tax expense/(benefit):			
Current tax (benefit)/expense		567	(12,127)
Deferred tax expense/(benefit)*		4,122	13,684
Income tax expense attributable to loss*		4,689	1,557
* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.			
(b) Deferred tax assets and deferred tax liabilities			
At 30 June 2014 there is no recognised or unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of PMP's wholly owned subsidiaries, as the PMP Group has no liability for additional taxation should such amounts be remitted (2013: \$nil).			
(c) Franking credits			
The amount of franking credits available are:			
Franking account balance as at the end of the financial year at 30% (2013: 30%)*		1,280	1,580
Franking account balance		1,280	1,580

* In the 30 June 2014 financial year PMP applied for and received a cash refund of \$0.3 million relating to prior years under the tax loss carry back legislation. Having received the refund the franking credits were reduced by \$0.3 million.

(d) Tax consolidation and tax effect accounting by members of the tax consolidated group

Effective 1 July 2003, for the purposes of income taxation, PMP Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. The agreement also provides for the allocation of income tax liabilities between the entities should the head entity default on its obligations. At the balance date the possibility of default is remote. The head entity of the tax consolidation group is PMP Limited.

Members of the Australian tax consolidated group have also entered into a tax funding agreement. The tax funding agreement provides for the allocation of current tax assets and liabilities between wholly owned group members. Each group member of the PMP tax group calculates its current year tax liability on the basis of the stand alone approach. Once each member has calculated its own current year tax liability/tax loss the head entity will then assume these current year tax liabilities/tax losses and be paid/pay compensation for this assumption by way of an intercompany receivable/payable. Allocations under the tax funding agreement are made on a yearly basis.

All 100% owned PMP entities operating in New Zealand are members of the PMP (NZ) Limited tax consolidated group. Although there is no NZ tax funding agreement, PMP (NZ) Limited and its group members have also calculated their current year tax liabilities/tax losses, and PMP (NZ) Limited is paid/pays compensation for this assumption by way of an intercompany receivable/payable on a yearly basis, in the same manner as the Australian tax funding agreement operates.

	\$000	
	Gross	Tax effected
(e) Tax losses not brought to account		
Revenue losses	52,850	15,855
Capital losses	284,088	85,226

The benefit of these revenue losses has not been brought to account as realisation is not probable. Refer to Note 11 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
5 Receivables			
Trade debtors*		86,236	94,658
Provision for doubtful debts	5(a)	(2,573)	(1,579)
Net trade debtors		83,663	93,079
Other debtors	5(c)	1,462	3,090
Total current receivables		85,125	96,169
*: Trade debtors are non-interest bearing and are on commercial terms. There were no material unhedged foreign currency receivables.			
(a) Impaired trade receivables			
PMP Group:			
At 30 June 2014 a provision for doubtful debts of \$2,573,000 (2013: \$1,579,000) has been recognised. This relates to a variety of customers who are in unexpectedly difficult economic situations.			
Movements in the provision for doubtful debts are as follows:			
Balance as at 1 July		1,579	2,164
Provision for doubtful debts recognised		2,153	2,506
Amounts written off		(599)	(1,713)
Amounts recovered		(183)	(342)
Unused amount reversed		(440)	(1,067)
Net foreign currency translation difference		63	31
Balance at 30 June		2,573	1,579
In determining the recoverability of trade receivables the Group will consider any change in the credit quality of the receivable from the date credit was originally granted up to the reporting date. The creation and release of the provision for impaired receivables has been included in "other expenses" in the statement of profit or loss and other comprehensive income. Amounts due are generally written off when there is no expectation of recovering additional cash.			
(b) Past due but not impaired			
At 30 June 2014 there were \$8,247,000 (2013: \$6,957,000) of trade receivables in the PMP Group past due but not impaired.			
The aging analysis of these trade receivables is as follows:			
Past due 1 - 30 days		5,345	5,963
Past due 31 - 60 days		2,858	449
Past due 61 - 90 days		31	384
Past due greater than 90 days		13	161
		8,247	6,957
There are no receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.			
(c) Other debtors			
Other debtors generally arise from transactions outside of usual operating activities of the Group. Other debtors does not contain impaired assets and are not past due. Collateral is not usually obtained.			

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
6 Inventories			
Raw materials, spare parts and stores at cost		43,797	44,237
Less: provision for diminution		(1,577)	(1,422)
Net raw materials, spare parts and stores		42,220	42,815
Finished goods at cost		29,251	34,981
Work in progress at cost		3,577	2,914
Total current inventories		75,048	80,710
7 Other assets			
Current other assets			
Prepayments		9,359	8,597
Total current other assets		9,359	8,597
Non-current other assets			
Shares in other entities - unlisted at cost		280	280
Write-down to realisable value		(40)	(40)
Pension asset *	22(b)	1,374	592
Other assets		2,012	3,430
Total non-current other assets		3,626	4,262
* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.			
8 Non-current assets classified as held for sale			
Plant and equipment	8(a)	4,136	7,952
Total non-current assets classified as held for sale		4,136	7,952
(a) Reconciliation			
Carrying amount at beginning of year		7,952	1,000
Assets classified as held for sale in the year	9	—	7,952
Disposal of assets no longer classified as held for sale		(3,816)	(1,000)
Carrying amount at end of year		4,136	7,952

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	PMP Group 2014 \$'000	2013 \$'000
9 Property, plant and equipment			
Land			
At cost	9(a)	—	—
Freehold buildings			
At cost		160	160
Accumulated depreciation		(160)	(133)
Net freehold buildings	9(a)	—	27
Leasehold improvements			
At cost		11,597	13,372
Accumulated amortisation		(3,313)	(4,692)
Impairment		(1,970)	(2,567)
Net leasehold improvements	9(a)	6,314	6,113
Plant and equipment			
At cost		635,086	659,167
Accumulated depreciation		(405,855)	(403,331)
Impairment		(28,167)	(28,610)
Net plant and equipment	9(a)	201,064	227,226
Leased plant and equipment			
At cost		338	338
Accumulated depreciation		(323)	(279)
Net leased plant and equipment	9(a)	15	59
Total net property, plant and equipment	9(a)	207,393	233,425

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
9 Property, plant and equipment (continued)			
(a) Reconciliations			
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:			
Land			
Carrying amount at beginning of year		—	16,098
Disposals		—	(12,678)
Land classified as held for sale (net movement)	8	—	(3,474)
Net foreign currency translation difference		—	54
Carrying amount at end of year		—	—
Freehold buildings			
Carrying amount at beginning of year		27	38,429
Disposals			(32,196)
Buildings classified as held for sale (net movement)	8	—	(3,839)
Transfer (to)/from other fixed asset category		—	(984)
Depreciation	2(e)	(27)	(1,571)
Net foreign currency translation difference		—	188
Carrying amount at end of year		—	27
Leasehold improvements			
Carrying amount at beginning of year		6,113	8,888
Additions		3	27
Disposals		(100)	(18)
Transfer from other fixed asset category		751	82
Impairment charge	9(b)	—	(1,668)
Prior year correction of impairment misallocation		—	(237)
Depreciation	2(e)	(949)	(1,298)
Net foreign currency translation difference		496	337
Carrying amount at end of year		6,314	6,113
Plant and equipment			
Carrying amount at beginning of year		227,226	235,408
Additions *		4,762	35,052
Disposals		(993)	(3,647)
Disposals on sale of business	25	—	(342)
Plant and equipment classified as held for sale (net movement)	8	—	(639)
Impairment charge	9(b)		(8,159)
Transfer from/(to) other fixed asset category		(751)	902
Prior year correction of impairment misallocation		—	237
Transfer to development costs	10(a)	—	(71)
Depreciation	2(e)	(32,928)	(34,056)
Expensed to the profit and loss		(163)	(59)
Net foreign currency translation difference		3,911	2,600
Carrying amount at end of year		201,064	227,226
Leased plant and equipment			
Carrying amount at beginning of year		59	132
Additions		—	—
Depreciation	2(e)	(44)	(73)
Carrying amount at end of year		15	59
Total net property, plant and equipment		207,393	233,425

* The 2013 financial year, includes the transfer to plant and equipment from prepayments (other current assets) of \$11.1 million pre-paid in the 2012 financial year for the construction of a printing press.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
9 Property, plant and equipment (continued)			
(b) Impairment charge			
Other impairments to plant and equipment		—	9,827
		—	9,827
<p>The \$9.8 million of impairments in the 2013 financial year, related to the write down of leasehold improvements, and plant and equipment associated with onerous leases (PMP Australia \$1.6 million and NZ \$0.6 million). It also related to \$7.6 million of PMP Australia plant and equipment written down to fair value less cost to sell before being transferred to assets held for sale.</p> <p>The PMP Australia cash generating unit has been assessed for impairment as at 30 June 2014. Refer to Note 10(b) for further details.</p>			
10 Goodwill and intangibles assets			
Development and licence costs			
At cost		4,741	4,298
Accumulated amortisation		(2,281)	(1,637)
Closing net book amount	10(a)	2,460	2,661
Goodwill (indefinite useful life)			
At cost		98,760	98,760
Impairment *		(75,224)	(75,224)
Net foreign currency translation difference		2,419	344
Closing net book amount	10(a)	25,955	23,880
Total net intangibles	10(a)	28,415	26,541
(a) Reconciliations			
Development and licence costs			
Carrying amount at beginning of year		2,661	3,560
Additions		443	21
Transfer from plant and equipment	9(a)	—	71
Disposal on sale of business	25	—	(186)
Amortisation	2(e)	(644)	(805)
Carrying amount at end of year		2,460	2,661
Goodwill (indefinite useful life)			
Carrying amount at beginning of year		23,880	78,670
Impairment *		—	(56,034)
Net foreign currency translation difference		2,075	1,244
Carrying amount at end of year	10(b)	25,955	23,880
Total net intangibles		28,415	26,541

* 2014 - No impairment required.

* 2013 - The PMP Australia business was adversely affected by significant competition for reducing volumes and severe price reductions in 2012 and 2013. This resulted in lower volumes and margins. The recoverable amount of the PMP Australia cash generating unit has been determined using fair value less costs to sell. PMP's shares are thinly traded and in the absence of a binding sales agreement, fair value has been assessed using a discounted cash flow methodology with cross checks performed to external indicators such as EBITDA multiples. The long term cash forecasts associated with this cash generating unit were unable to support the carrying value of goodwill, when taking into account the higher risk associated with this cash generating unit given the difficult trading conditions which worsened in fiscal 2013, resulting in an impairment charge of \$56.0 million being recorded against the goodwill in this cash generating unit during the 2013 financial year. The impairment was included in other expenses in the Statement of profit or loss and other comprehensive income.

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
10 Goodwill and intangibles (continued)			
(b) Impairment testing of goodwill			
Carrying amount of goodwill allocated to each cash generating unit:			
PMP Australia		—	—
Griffin Press printing - Australia		5,015	5,015
Maxum and heat set web printing - New Zealand*		18,904	17,030
Distribution - New Zealand		2,038	1,835
Total goodwill	10(a)	25,957	23,880

*: The goodwill associated with the acquisitions of the Cebury Group and Saxon Print is tested for impairment by combining the cash generating units of heat set web printing-New Zealand and Maxum (formerly Cebury Group and Saxon Print) as these units together represent the lowest level that goodwill is monitored for internal management purposes.

In accordance with PMP policy, impairment testing has been undertaken at 30 June 2014 for all cash generating units ('CGUs') with indefinite life intangible assets or where there is an indication of impairment. The testing has been conducted using the higher of a value in use model and a fair value less costs of disposal model.

PMP Australia

The recoverable amount of this cash generating unit is determined based on a fair value less costs of disposal calculation. In the absence of comparable transactions, fair value has been assessed using a discounted cash flow methodology with cross checks performed to external indicators such as EBITDA multiples. This represents a level 3 model in line with the fair value hierarchy in accordance with AASB13. PMP believe that this methodology provides the best indication of the price that would be received to sell the business in an orderly transaction between market participants at balance sheet date.

In assessing fair value less costs of disposal, the estimated post tax future cash flows, including future uncommitted restructurings and associated benefits, are discounted using a post tax rate. The key assumptions used in the calculation are disclosed in the table on the following page.

The Directors estimate, that if EBITDA reflected in the model were to decrease up to 10%, it is not expected to cause the aggregate recoverable amount of the cash generating unit to be below the carrying value.

Griffin press - Australia

The recoverable amount of this cash generating unit is determined based on a value in use calculation. In assessing value in use, the estimated future cash flows, excluding future uncommitted restructurings and associated benefits, are discounted to their present value using a pre-tax discount rate. The key assumptions used are disclosed in the table on the following page.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based is not expected to cause the aggregate of the carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Maxum and heat set web printing - New Zealand

The recoverable amount of this cash generating unit is determined based on a fair value less costs of disposal calculation. In the absence of comparable transactions, fair value has been assessed using a discounted cash flow methodology with cross checks performed to external indicators such as EBITDA multiples. This represents a level 3 model in line with the fair value hierarchy in accordance with AASB13. PMP believe that this methodology provides the best indication of the price that would be received to sell the business in an orderly transaction between market participants at balance sheet date.

The key assumptions used are disclosed in the table on the following page.

The Directors estimate, that if EBITDA reflected in the model were to decrease up to 10%, it could result in the aggregate carrying value of the cash generating unit exceeding the recoverable amount of the cash generating unit by up to \$5-10 million.

Distribution - New Zealand

The recoverable amount of this cash generating unit is determined based on a value in use calculation. The key assumptions used are disclosed in the table on the following page.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate of the carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10 Goodwill and intangibles (continued)

(b) Impairment testing of goodwill (continued)

Key assumptions:

Management judgement is required in assessing whether the carrying value of assets can be supported by the net present value of future cash flows. The following are the key estimates and assumptions used in determining the net present value of future cash flows using a value in use calculation and fair value less costs of disposal calculation:

Area of judgement	Assumption used in value in use calculation - Griffin press, and Distribution New Zealand
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans form the basis of the five year discounted cash flow models used for impairment testing. Budgeted EBITDA is calculated as operating profit before depreciation and amortisation, based upon past experience and future outlook. Adjustments are made to budgeted EBITDA as follows: - removal of benefits from future uncommitted restructuring - inclusion of working capital movements
Long term growth rate	Management's plan is used for the first three years of the Group's value in use calculations. An annual growth rate of 0% for years four and five has been applied. The rate applied is based on management's assessment of the specific circumstances of that business. An annual growth rate of 0% has been applied in perpetuity.
Budgeted capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to maintain current fixed asset levels after taking into account budgeted repairs and maintenance.
Pre-tax discount rate	The pre-tax discount rate applied to the cash flows of each of the Group's cash generating units in Australia and New Zealand is 14.0% (2013: 14.0%). The pre tax discount rate is approximated by applying a gross up formula to the calculated post tax rate. The discount rate is based on the risk free rate for ten year government bonds adjusted for a risk premium to reflect the increased risk of investing in equities ("equity market risk premium") and the systematic risk adjustment ("beta") to reflect the risk of the Company relative to the market as a whole.
Area of judgement	Assumption used in fair value less costs of disposal calculation - PMP Australia, Maxum and heat set web printing New Zealand
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans form the basis of the five year discounted cash flow models used for impairment testing, and are based upon past experience and future outlook. Post tax cash flows used. Notional tax of 30% in Australia and 28% in New Zealand applied. Cash flows include future uncommitted restructurings and benefits associated with those future restructurings. Cash flows include working capital movements. Includes costs to sell cash outflow of 1.5%.
Post-tax discount rate	The post-tax discount rate applied to the cash flows was 11.0% plus an additional risk premium up to 1% for PMP Australia, (2013: 11% plus an additional risk premium of 2.5%) due to the continuing volatility of the current operating environment.

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
11 Deferred tax			
Deferred tax assets			
Temporary differences:			
- Provisions/accruals		13,946	16,025
- Other liabilities		—	—
- Cash flow hedges		777	—
Tax losses		43,474	46,049
Total deferred tax assets		58,197	62,074
Deferred tax liabilities			
Temporary differences:			
- Property, plant and equipment		892	1,636
- Other assets		1,643	1,427
- Cash flow hedges		—	1,005
Total deferred tax liabilities		2,535	4,068

	Provisions/Accruals (Restated *) \$000	Other Liabilities \$000	Cash flow hedges \$000	Tax losses \$000	Total \$000
(a) Movements in deferred tax assets					
At 1 July 2012	15,844	344	904	46,443	63,535
(Charged)/credited					
- to profit or loss*	497	—	—	—	497
- to opening retained earnings*	(246)	—	—	—	(246)
-foreign currency translation reserve	54	—	—	621	675
Adjustment for sale of subsidiary	(124)	—	—	—	(124)
Adjustment for reallocation of opening balance	—	(344)	(904)	—	(1,248)
Utilisation of tax losses	—	—	—	(1,015)	(1,015)
At 30 June 2013	16,025	—	—	46,049	62,074
(Charged)/credited					
- to profit or loss	(2,276)	—	—	—	(2,276)
- to other comprehensive income	—	—	1,819	—	1,819
-foreign currency translation reserve	197	—	(37)	951	1,111
Adjustment for reallocation of opening balance	—	—	(1,005)	—	(1,005)
Loss carry back	—	—	—	(300)	(300)
Adjustment of prior year losses	—	—	—	(2,161)	(2,161)
Utilisation of tax losses	—	—	—	(1,065)	(1,065)
At 30 June 2014	13,946	—	777	43,474	58,197

	Property, Plant and Equipment \$000	Other Assets (Restated*) \$000	Cash flow hedges \$000	Total \$000
Movements in deferred tax liabilities				
At 1 July 2012	(795)	(1,373)	—	(2,168)
(Charged)/credited				
- to profit or loss*	(743)	(226)	(6)	(975)
- to opening retained earnings*	—	(116)	—	(116)
- to other comprehensive income*	—	(155)	(1,903)	(2,058)
-foreign currency translation reserve	(98)	—	—	(98)
Adjustment for sale of subsidiary	—	99	—	99
Adjustment for reallocation of opening balance	—	344	904	1,248
At 30 June 2013	(1,636)	(1,427)	(1,005)	(4,068)
(Charged)/credited				
- to profit or loss	886	(83)	—	803
- to other comprehensive income	—	(133)	—	(133)
-foreign currency translation reserve	(142)	—	—	(142)
Adjustment for reallocation of opening balance	—	—	1,005	1,005
At 30 June 2014	(892)	(1,643)	—	(2,535)

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

11 Deferred tax (continued)

(b) Deferred tax losses

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.

PMP incurred tax losses in both the 2013 and 2014 financial years due to the transformation plan where the Company incurred significant redundancy costs. This has resulted in an extension of the time frame for utilisation of the Australian tax losses and increased the risk of realisation of this asset. The Directors considered it prudent to not recognise \$15.8 million of tax losses (equating to the \$13.2 million 2013 and forecast \$2.6 million 2014 Australian tax losses). 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.

The Directors believe the Australian deferred tax asset value of \$35 million, attributable to tax losses, is supportable given the level of redundancy costs incurred in the previous two years are not expected to re-occur and PMP expects to be earning future tax profits from the 2016 financial year onwards, making it probable that the tax losses will be recouped over a period of 7 to 8 years. The New Zealand deferred tax asset value of \$8.5 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. It should be noted that this will need to be reassessed on an ongoing basis to ensure the deferred tax asset value continues to be supportable, taking into account updated earnings forecast and relevant income tax legislation.

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
12 Payables			
Current payables			
Creditors - unsecured			
Trade creditors and accruals*		119,604	138,005
Interest payable		1,221	892
Total current payables		120,825	138,897
		*:Trade creditors are non-interest bearing, and are on normal commercial terms.	
13 Interest bearing liabilities			
(a) Current interest bearing liabilities - financial institutions			
Secured			
Bank loans - repayable in: Australian dollars		—	30,000
Bank loans - repayable in: New Zealand dollars		12,120	—
Bank loans - repayable in: Euros *		2,878	2,797
Finance lease liabilities (secured over the leased assets)	19(b)	19	51
Total current interest bearing liabilities - financial institutions		15,017	32,848
(b) Non-current interest bearing liabilities - financial institutions			
Secured			
Bank loans - repayable in: Australian dollars		—	20,000
Bank loans - repayable in: New Zealand dollars		—	39,473
Bank loans - repayable in: Euros *		18,708	20,979
Finance lease liabilities (secured over the leased assets)	19(b)	—	18
Unsecured			
Corporate bond		50,000	—
Total non-current interest bearing liabilities - financial institutions		68,708	80,470
		* Represents Euro denominated loan of 14.9 million (2013: 17.0 million) measured at the exchange rate prevailing at balance date.	

Year ended 30 June 2014	Facility \$'000s	Drawn \$'000s	Available \$'000s
13 Interest bearing liabilities (continued)			
(c) Interest bearing liabilities - facility details			
Facility details:			
2014			
Secured			
Overdraft facility	14,662	—	14,662
Revolving facility	27,929	12,120	15,809
Export finance facility *	21,586	21,586	—
Unsecured			
Corporate Bond	50,000	50,000	—
Total facilities	114,177	83,706	30,471
2013			
Secured			
Overdraft facility	14,199	—	14,199
Revolving facility	115,000	89,473	25,527
Export finance facility *	23,776	23,776	—
Unsecured			
Corporate Bond	—	—	—
Total facilities	152,975	113,249	39,726

* Represents the loan measured at the exchange rate prevailing at balance date

(d) Terms and conditions

PMP entered a fully secured multi-currency \$210 million loan agreement in May 2011 with an effective start date of 4 May 2012. As at 30 June 2014 this has amortised to a \$28 million facility. This facility has a maturity date of 10 September 2015. The lenders are ANZ and CBA. Security pledged involves a first ranking fixed and floating charge over the assets of PMP, including the subsidiaries in Australia and New Zealand. This facility is subject to a number of financial covenants, including the PMP Group being measured against a maximum Debt/EBITDA ratio, a minimum Fixed Charge Ratio and a minimum EBITDA/Interest ratio. They are also subject to the warranties and conditions of the agreements during the term of the facilities, including a change of control clause.

PMP entered into a Euro 17 million export financing loan agreement in February 2013, secured against an offset rotary press. As at 30 June 2014, this loan was fully drawn and after amortisation payments had a balance of Euro 14.9 million. This facility has a maturity date of 30 September 2021 with semi-annual amortisations. The lender is Commerzbank AG.

PMP issued an unsecured \$50 million corporate bond on 23 October 2013. The bond has a fixed coupon of 8.75% per annum and a four year term. It is subject to a number of financial covenants, including the PMP Group being measured against a maximum Secured Debt/EBITDA ratio and a minimum EBITDA/Interest ratio.

Notes 28(b)&(c) specifies interest rate details relating to the PMP Group borrowing facilities and other interest rate and liquidity risk exposure.

(e) Net debt

PMP has taken out a cross currency swap to exchange the Euro 14.9 million (2013: Euro 17 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 \$18.3 million (2013: \$20.8 million) has been used.

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
Cash		(28,745)	(21,211)
Bank loans	repayable in Australian dollars	—	50,000
Corporate Bond	repayable in Australian dollars	50,000	—
Bank loans	repayable in New Zealand dollars	12,120	39,473
Bank loans	repayable in Euros - measured at the exchange rate prevailing at balance date	21,586	23,776
Cross currency swap revaluation	adjusted to measure the loan at the hedged fixed rate of the Australian obligation	(3,276)	(3,025)
Finance lease liabilities		18	69
Net debt		51,703	89,082

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
14 Provisions			
(a) Current provisions			
Employee entitlements*		17,283	18,221
Other		7,829	6,934
Total current provisions		25,112	25,155
Non-current provisions			
Employee entitlements		1,744	1,846
Other		795	5,559
Total non-current provisions		2,539	7,405
Total provisions		27,651	32,560

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (Revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Deferred Consideration \$000	Restructure \$000	Make good \$000	Onerous leases & contracts \$000	Other \$000	Total \$000
Current						
Carrying amount at start of year	550	714	110	4,102	1,458	6,934
Charged/(credited to profit or loss						
- additional provisions recognised	—	533	192	543	3,908	5,176
- unused amounts reversed	—	(176)	(44)	(387)	(530)	(1,137)
Amounts used during the period	(550)	(734)	(66)	(850)	(944)	(3,144)
Carrying amount at end of year	—	337	192	3,408	3,892	7,829
Non-Current						
Carrying amount at start of year			1,084	3,582	893	5,559
Charged/(credited to profit or loss						
- additional provisions recognised			32	140	237	409
- unused amounts reversed			(350)	—	(8)	(358)
Amounts used during the period			(409)	(3,718)	(688)	(4,815)
Carrying amount at end of year			357	4	434	795

Year ended 30 June 2014		PMP Group	
		2014 \$'000	2013 \$'000
15 Financial assets and financial liabilities - derivatives			
Current financial assets			
Forward currency contracts	28(d)(vi)	—	5,740
Total current financial assets		—	5,740
Non-current financial assets			
Forward currency contracts	28(d)(vi)	6	—
Cross currency swaps	28(b)(iii)	2,604	2,527
Total non-current financial assets		2,610	2,527
Total financial assets		2,610	8,267
Current financial liabilities			
Forward currency contracts	28(d)(vi)	2,669	—
Interest rate swaps	28(b)(ii)	262	919
Cross currency swaps	28(b)(iii)	30	177
Total current financial liabilities		2,961	1,096
Non-current financial liabilities			
Interest rate swaps	28(b)(ii)	144	632
Total non-current financial liabilities		144	632
Total financial liabilities		3,105	1,728

All derivatives designated as effective hedging instruments are carried at fair value apart from interest rate swaps which are carried at fair value through profit or loss.

Year ended 30 June 2014	Number		PMP Group	
	2014 '000	2013 '000	2014 \$'000	2013 \$'000
16 Contributed equity				
Issued and paid up capital				
Movements in ordinary share capital:				
Balance as at 1 July - ordinary shares	323,781	323,781	356,035	356,035
Balance at 30 June - ordinary shares	323,781	323,781	356,035	356,035

Ordinary shares have no par value. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
17 Dividends			
No dividends were declared or paid for the year ended 30 June 2014 (2013: Nil)		—	—
Total dividends		—	—
18 Reserves			
Foreign currency translation reserve			
Opening balance		3,887	1,459
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities *		6,150	2,428
Total foreign currency translation reserve		10,037	3,887
Share-based payment reserve			
Opening balance		1,120	1,120
Movement in reserve relating to:			
- Share-based payment expense	2(c)	801	—
- Transfer to retained earnings		(443)	—
- Purchase of shares		(200)	—
Total share-based payment reserve		1,278	1,120
Cash flow hedge reserve			
Opening balance		2,427	(2,058)
Movement in reserve relating to:			
- Cash flow hedge		(6,068)	6,388
- Tax effect of cash flow hedge net (gain)/loss		1,782	(1,903)
Total cash flow hedge reserve		(1,859)	2,427
Total reserves		9,456	7,434

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	PMP Group 2014 \$'000	2013 \$'000
19 Commitments			
The following commitments are not reflected in the balance sheet and are payable/ (receivable) as follows:			
(a) Capital expenditure (i):			
- not later than one year		546	374
- later than one year but not later than five years		38	—
Total capital expenditure		584	374
(b) Finance lease rentals - Group as lessee (ii):			
- not later than one year		19	56
- later than one year but not later than five years		—	18
Total finance lease rentals		19	74
Future finance charges		—	(5)
Net finance lease liability		19	69
Reconciled to:			
Current finance lease liability	13(a)	19	51
Non-current finance lease liability	13(b)	—	18
Finance lease liability		19	69
(c) Operating lease rentals - Group as lessee (iii)/(v):			
- not later than one year		20,414	22,829
- later than one year but not later than five years		61,073	74,006
- later than five years		53,009	55,110
Total operating lease rentals (lessee)		134,496	151,945
(d) Operating lease rentals - Group as lessor (iv):			
- not later than one year		1,953	1,635
- later than one year but not later than five years		779	2,420
Total operating lease rentals (lessor)		2,732	4,055
Total net commitments for expenditure		132,367	148,333

- (i) At 30 June 2014 and 30 June 2013 the Group capital expenditure commitments relate to the acquisition of new plant and equipment.
- (ii) The Group has finance leases for various items of plant and machinery. The weighted average interest rate impact in the leases is 10.67% (2013: 10.68%). These leases have terms of renewal, but no escalation clauses. Certain leases contain purchase options.
- (iii) Operating leases are entered into in the normal course for land and buildings, motor vehicles, computer equipment and plant and machinery. Rental payments are generally fixed, however some agreements contain inflation escalation clauses. No operating leases contain restrictions on financing or other leasing activities.
- (iv) Operating leases are entered into to sub-lease surplus office space. Rental payments include fixed and inflation escalation clauses.
- (v) The company has a number of bank guarantees in place that support various property leases in the name of either PMP Limited or its subsidiaries. The company has not issued any guarantees for properties where it is not the lessee.

Year ended 30 June 2014	Country of Incorporation	NOTES	Interest held 2014 %	Interest held 2013 %
20 Controlled entities (d)				
Pacific Publications Holdings Pty Limited	Australia	(a)	100	100
Attic Futura Pty Limited	Australia	(a)	100	100
Pacific O'Brien Publications Pty Limited	Australia	(a)	100	100
Total Sampling Pty Limited	Australia	(a)	100	100
PMP Publishing Pty Limited	Australia	(a)	100	100
PMP Print Pty Limited	Australia	(a)	100	100
PMP Property Pty Limited	Australia	(a)	100	100
PT Pac-Rim Kwartanusa Printing	Indonesia		95	95
PMP Advertising Solutions Pty Limited	Australia	(a)	100	100
PMP Home Media Pty Limited	Australia	(a)	100	100
Shomega Pty Limited	Australia	(a)	100	100
Show-Ads Pty Limited	Australia	(a)	100	100
Linq Plus Pty Limited	Australia	(a)	100	100
PMP Wholesale Pty Limited	Australia	(a)	100	100
PMP Digital Pty Limited	Australia	(a)	100	100
Pacific Intermedia Pty Limited	Australia	(a)	100	100
The Argus & Australasian Pty Limited	Australia	(a)	100	100
Gordon and Gotch Australia Pty Limited	Australia	(a)	100	100
A.C.N. 128 266 268 Pty Limited (formerly Brumby Books & Music Pty Limited)	Australia	(b)	100	100
Scribo Holdings Pty Limited	Australia	(b)	100	100
The Scribo Group Pty Limited	Australia	(b)	100	100
Tower Books Pty Limited	Australia	(b)	100	100
Gary Allen Pty Limited	Australia	(b)	100	100
ilovemagazines.com.au Pty Limited (formerly Treeet.com.au Pty Limited)	Australia	(a)	100	100
PMP Directories Pty Limited	Australia	(a)	100	100
Argyle Print Pty Limited	Australia	(b)	100	100
Red PPR Holdings Pty Limited	Australia	(a)	100	100
PMP Finance Pty Limited	Australia	(a)	100	100
PMP Share Plans Pty Limited	Australia		100	100
Manningtree Investments Pty Limited	Australia	(a)	100	100
Canberra Press Pty Limited	Australia	(a)	100	100
PMP (NZ) Limited	New Zealand		100	100
PMP Print Limited	New Zealand		100	100
PMP Maxum Limited	New Zealand		100	100
PMP Distribution Limited	New Zealand		100	100
Pacific Intermedia (NZ) Limited	New Zealand	(c)	100	100
Gordon and Gotch (NZ) Limited	New Zealand		100	100
PMP Digital Limited	New Zealand		100	100

- (a) These companies entered into a deed of cross guarantee dated 27 June 2008 with PMP Limited which replaced the previous deed dated 10 June 1992. The deed provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company. As a result of a Class Order issued by the Australian Securities and Investments Commission, these companies are relieved from the requirement to prepare financial statements.
- (b) On 11 June 2009 these companies were joined as parties to the Deed of Cross Guarantee referred above.
- (c) Pacific Intermedia (NZ) Limited is currently in the process of being voluntarily liquidated which should take place in the next financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	2014 \$'000	2013 (Restated*) \$'000
20 Controlled entities (continued)			
The aggregate assets, liabilities and net result after income tax of the companies which are parties to the Deed of Cross Guarantees are as follows :			
Statements of comprehensive income of the closed group			
Sales revenue		738,284	817,016
Other revenue		8,979	32,447
Revenue		747,263	849,463
Raw materials and consumables used		(174,256)	(182,375)
Cost of finished goods sold		(259,198)	(279,598)
Employee expenses		(199,985)	(256,260)
Outside production services		(17,483)	(18,260)
Freight		(17,553)	(21,636)
Repairs and maintenance		(11,845)	(13,167)
Occupancy costs		(15,640)	(22,930)
Other expenses		(13,203)	(111,264)
Share of (losses)/profits of jointly controlled entity		—	(20)
Profit/(loss) before depreciation, amortisation, finance costs and income tax		38,100	(56,047)
Depreciation and amortisation		(26,921)	(30,615)
Profit/(loss) before finance costs and income tax		11,179	(86,662)
Finance costs		(9,050)	(8,327)
Profit/(loss) before income tax		2,129	(94,989)
Income tax (expense)/benefit		(2,936)	(1,974)
Net (loss)/profit attributable to members of the parent entity		(807)	(96,963)

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (Revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

- (d) Notes on the closed group:
- PMP Limited is the ultimate parent company of the PMP Group.
 - All companies have ordinary share capital.

Year ended 30 June 2014	NOTES	2014 \$'000	2013 (Restated*) \$'000
20 Controlled entities (continued)			
Balance sheet of the closed group			
Current assets			
Cash and cash equivalents		22,194	15,438
Receivables		69,791	79,023
Inventories		60,864	67,034
Financial assets		—	4,363
Other		9,105	8,437
Non-current assets classified as held for sale		104	4,320
Total current assets		162,058	178,615
Non-current assets			
Property, plant and equipment		166,366	190,641
Goodwill and intangible assets		7,476	7,677
Deferred tax assets		47,911	51,692
Financial assets		2,611	2,527
Other		67,190	50,076
Total non-current assets		291,554	302,613
Total assets		453,612	481,228
Current liabilities			
Payables		100,627	115,933
Interest bearing liabilities - financial institutions		15,016	32,848
Income tax payable		—	—
Provisions		20,323	22,147
Financial liabilities		1,997	687
Total current liabilities		137,963	171,615
Non-current liabilities			
Interest bearing liabilities - financial institutions		56,588	40,997
Deferred tax liabilities		803	2,366
Provisions		2,427	7,405
Financial liabilities		101	331
Total non-current liabilities		59,919	51,099
Total liabilities		197,882	222,714
Net assets		255,730	258,514
Equity			
Contributed equity		356,035	356,035
Reserves		(60)	2,670
Accumulated losses		(100,245)	(100,191)
Total equity		255,730	258,514

21 Segmental information

Description of segments

Management has determined the operating segments based on the manner in which 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 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:

(a) Operating Segments

	PMP Australia (excl. G&G)		Gordon and Gotch		New Zealand		Corporate (Restated*)		Elimination		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue												
Sales revenue	439,856	493,583	298,426	323,430	160,936	158,797	—	—	—	—	899,218	975,810
Other revenue	38	1,089	2,491	3,032	64	426	2,186	1,729	—	(408)	4,779	5,868
Significant items	4,399	21,365	—	—	—	245	3,793	9,446	(3,793)	(3,806)	4,399	27,250
Total segment revenue	444,293	516,037	300,917	326,462	161,000	159,468	5,979	11,175	(3,793)	(4,214)	908,396	1,008,928
Inter-segment revenue	—	(408)	—	—	—	—	(3,793)	(3,806)	3,793	4,214	—	—
Total revenue	444,293	515,629	300,917	326,462	161,000	159,468	2,186	7,369	—	—	908,396	1,008,928
EBITDA - before significant items*	46,788	59,958	3,680	1,351	17,611	16,898	(4,666)	(6,624)	—	—	63,413	71,583
Depreciation and amortisation	(25,853)	(29,354)	(237)	(209)	(7,670)	(7,189)	(832)	(1,051)	—	—	(34,592)	(37,803)
EBIT before significant items*	20,935	30,604	3,443	1,142	9,941	9,709	(5,498)	(7,675)	—	—	28,821	33,780
Significant items before income tax	(6,331)	(93,412)	(3,992)	(699)	(943)	(2,310)	2,613	7,740	—	—	(8,653)	(88,681)
Segment EBIT after significant items*	14,604	(62,808)	(549)	443	8,998	7,399	(2,885)	65	—	—	20,168	(54,901)
Significant items - Finance costs											(443)	177
Finance costs											(11,634)	(13,891)
Consolidated entity loss before income tax*											8,091	(68,615)
Income tax (expense)/benefit*											(4,689)	(1,557)
Net loss after income tax*											3,402	(70,172)

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

*: On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

21 Segmental information (continued)

(b) Significant items by operating segments

	PMP Australia (excl. G&G)		Gordon and Gotch		New Zealand		Corporate		Elimination		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Significant items of revenue												
Gain on disposal of plant and equipment and non-current assets classified as held for sale	420	332	—	—	—	—	—	—	—	—	420	332
Gain on sale of business and fixed assets	—	—	—	245	—	—	—	5,640	—	—	—	5,885
Gain on disposal of property	3,979	21,033	—	—	—	—	—	—	—	—	3,979	21,033
Inter-segment debt forgiveness	—	—	—	—	—	—	3,793	3,806	(3,793)	(3,806)	—	—
Total segment significant items of revenue	4,399	21,365	—	245	—	245	3,793	9,446	(3,793)	(3,806)	4,399	27,250
Significant items of expense												
Directories' closure costs	—	(18,114)	—	—	—	—	—	—	—	—	—	(18,114)
Restructure initiatives and other one off costs	(10,730)	(27,584)	(199)	(699)	(943)	(1,967)	(1,180)	(1,706)	—	—	(13,052)	(31,956)
Impairment of plant, equipment, intangibles and goodwill due to restructure initiatives	—	(65,273)	—	—	—	(588)	—	—	—	—	—	(65,861)
Impairment of plant and equipment held for sale to fair value less costs to sell	—	—	—	—	—	—	—	—	—	—	—	—
Inter-segment debt forgiveness	—	(3,806)	(3,793)	—	—	—	—	—	3,793	3,806	—	—
Total segment significant items of expense	(10,730)	(114,777)	(3,992)	(699)	(943)	(2,555)	(1,180)	(1,706)	3,793	3,806	(13,052)	(115,931)
Total segment significant items before income tax	(6,331)	(93,412)	(3,992)	(699)	(943)	(2,310)	2,613	7,740	—	—	(8,653)	(88,681)
Significant items - finance costs												
Finance costs	—	—	—	—	—	291	(443)	(114)	—	—	(443)	177
Total significant items - finance costs	—	—	—	—	—	291	(443)	(114)	—	—	(443)	177

21 Segmental information (continued)

(c) Other segment information
i) Geographic Segments

	Australia		New Zealand		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Sales revenue	738,282	817,013	160,936	158,797	899,218	975,810
Other revenue	4,715	5,442	64	426	4,779	5,868
Significant items	4,399	27,005	—	245	4,399	27,250
Total revenue	747,396	849,460	161,000	159,468	908,396	1,008,928
Non-current assets (excluding deferred tax assets and post employment benefit assets)	174,671	204,514	65,999	61,649	240,670	266,163

ii) Major product and service offerings

The Group's external revenue from each group of similar products and services were as follows:

	Print		Distribution		Gordon and Gotch		PMP Digital		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue	446,223	491,221	106,314	101,301	331,634	360,652	15,047	22,636	899,218	975,810
Sales revenue	446,223	491,221	106,314	101,301	331,634	360,652	15,047	22,636	899,218	975,810
Total revenue	446,223	491,221	106,314	101,301	331,634	360,652	15,047	22,636	899,218	975,810

22 Pension plans

The PMP Group contributes to accumulation plans as a consequence of legislation or Trust Deeds. Legal enforceability is dependent upon the terms of the legislation and the Trust Deeds.

Accumulation and defined benefit member accounts are held within the PEP Superannuation Plan which is a sub-plan of the AMP SuperSignature Plan.

PMP manages superannuation commitments through a Superannuation Policy Committee in conjunction with the trustees of the AMP Superannuation Savings Trust, within which is the AMP SuperSignature Plan. This master trust provides defined benefits based on years of membership and final average salary and accumulation benefits. Employees contribute to the plan at various percentages of their wages and salaries.

Employer contributions to superannuation plans in the year ended 30 June 2014 totalled \$8,025,716 (2013: \$10,621,103).

Accumulation funds

Contribution obligations in respect of each accumulation fund for the year to 30 June 2014 was 9.25% (2013: 9%) of members' wages or as defined by the Trust Deed.

Defined benefit funds

i. Nature of the benefits provided

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the plan is closed to new members. All new members receive accumulation only benefits.

ii. Regulatory framework

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions.

iii. Governance of the plan

The Plan's Trustee is responsible for the governance of the Plan. The Trustee has a legal obligation to act solely in the best interests of Plan beneficiaries. The trustee has the following roles:

- administration of the Plan and payment to the beneficiaries from Plan assets when required in accordance with the Plan rules;
- management and investment of the Plan assets; and
- compliance with superannuation laws and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licences and supervises regulated superannuation plans.

iv. Risks

There are a number of risk to which the Plan exposes the Company. The more significant risks relating to the defined benefits are:

- Investment risk** the risk that investment returns will be lower than assumed and the Company will need to increase contributions to offset this shortfall.
- Salary growth risk** the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk** the risk is that legislation changes could be made which increase the cost of providing the defined benefits.

The defined benefit assets are invested in the Future Directions Balanced investment option. The assets are diversified within this investment option and therefore the plan has no significant concentration of investment risk.

v. Description of significant events

There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

Financial year ending 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
(a) Statement of financial position impact			
Defined benefit obligation	22(d)	11,046	12,370
Less: fair value of plan assets	22(c)	12,420	12,962
Net superannuation liability/(asset)		(1,374)	(592)
(b) Movement in net defined benefit liability/(asset)			
Net defined benefit liability/(asset) at start of year		(592)	480
Adjustment to other comprehensive income following adoption of revised AASB 119		—	(386)
Defined benefit cost		502	747
Remeasurements		(443)	(516)
Employer contributions		(841)	(917)
Net superannuation liability/(asset)		(1,374)	(592)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
22 Pension plans (continued)			
(c) Reconciliation of the net defined benefit liability / (asset)			
Net defined benefit liability/(asset) at start of year		(592)	480
Adjustment to other comprehensive income following adoption of revised AASB 119		—	(386)
Current service cost		361	416
Net interest		(49)	(24)
(Gains)/losses on curtailment		190	355
Actual return on plan assets less interest income		(891)	(1,186)
Actuarial (gains)/losses arising from changes in financial assumptions		142	325
Actuarial (gains)/losses arising from liability experience		306	345
Employer contributions		(841)	(917)
Net defined benefit liability/(asset) at end of year		(1,374)	(592)

If a surplus exists in the plan, PMP Limited expect to be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the plan's actuary.

PMP Limited may at any time by notice to the Trustee terminate its contributions. PMP Limited has a liability to pay the contributions due prior to the effective date of the notice, but there is no requirement for it to pay any further contributions, irrespective of the financial condition of the plan.

	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
Fair value of plan assets at beginning of the year		12,962	14,170
Interest income		664	798
Actual return on plan assets less interest income		891	1,186
Employer contributions		841	917
Contributions by plan participants		194	246
Benefits paid		(991)	(1,042)
Taxes, premiums and expenses paid		(113)	(143)
Settlements		(2,028)	(3,170)
Fair value of plan assets at end of the year		12,420	12,962

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
(d) Reconciliation of the defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		12,370	14,264
Current service cost		361	416
Interest cost		615	774
Contributions by plan participants		194	246
Actuarial (gains)/losses arising from changes in financial assumptions		142	325
Actuarial (gains)/losses arising from liability experience		306	345
Benefits paid		(991)	(1,042)
Taxes, premiums and expenses paid		(113)	(143)
Curtailements		190	355
Settlements		(2,028)	(3,170)
Present value of defined benefit obligation at end of the year		11,046	12,370
(e) Amount recognised in statement of profit or loss and other comprehensive income			
Recognised in employee expenses			
Current service cost		361	416
Net interest		(49)	(24)
Loss on curtailments		190	355
Superannuation expense		502	747

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 (Restated*) \$'000
22 Pension plans (continued)			
(f) Amounts recognised in other comprehensive income			
Actuarial gain/(loss) recognised in the year		443	516

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

(g) Fair value of plan assets

As at 30 June 2014	Total \$000	Quoted prices in active markets for identical assets- Level 1 \$000	Significant observable inputs - Level 2 \$000	Unobservable inputs - Level 3 \$000
Asset category				
Cash and cash equivalents	—	—	—	—
Equity instruments	—	—	—	—
Derivatives	—	—	—	—
Real Estate	—	—	—	—
Investment funds	12,420	—	12,420	—
Asset-backed securities	—	—	—	—
Structured debt	—	—	—	—
Total	12,420	—	12,420	—

The fair value of plan assets includes no amounts relating to any of PMP's own financial instruments or any property occupied by or other assets used by PMP.

	PMP Group	
	2014 %	2013 %
The percentage invested in each asset class at the reporting date is:		
Australian equity	30	30
International equity	28	28
Fixed income	15	16
Property	7	7
Alternatives/Other	17	16
Cash	3	3
The actual return on plan assets was \$1.6 million gain (2013: \$2.0 million gain)		
(i) Significant actuarial assumptions at reporting date		
Assumptions to determine defined benefit cost		
Discount rate (corporate bond rate) *	5.1	5.70
Expected salary increase rate	3.50	3.50
Assumptions to determine defined benefit obligation		
Discount rate (corporate bond rate) *	4.8	5.10
Expected salary increase rate	3.50	3.50

* PMP Limited is satisfied that there is a deep market in corporate bonds in Australia and thus the discount rate should be based on corporate bond yields.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014

22 Pension plans (continued)

(j) Sensitivity Analysis

The defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

Scenario A and B relate to discount sensitivity. Scenario C and D relate to assumed salary increase rate sensitivity.

- Scenario A:** 0.5% pa lower discount rate assumption
Scenario B: 0.5% pa higher discount rate assumption
Scenario C: 0.5% pa lower assumed salary increase rate assumption
Scenario D: 0.5% pa higher assumed salary increase rate assumption

	Base case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5%pa salary increase rate	+0.5% pa salary increase rate
Discount rate	4.80% pa	4.3% pa	5.30% pa	4.80% pa	4.80% pa
Salary increase rate	3.50% pa	3.50% pa	3.50% pa	3.00% pa	4.00% pa
Defined benefit obligation [^] (A\$'000s)	11,046	11,604	10,522	10,842	11,261

[^] includes contributed tax provision

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

(k) Asset-Liability matching strategies

We are not aware of any asset and liability matching strategies adopted by the Plan.

(l) Funding arrangements

The financing objective adopted at the 30 June 2011 actuarial investigation of the Plan, in a report dated 29 June 2012, is to target assets of 105% of Vested Benefits over the longer term.

In that report the actuary recommended PMP to contribute at the following rates in respect of defined benefit members:

Category	% of Salary
N1	6.0
N2	7.5
D	15.0
E1	18.5

- top-up contributions of \$45,800 per month from 1 July 2012; and
- for members of category N1 and N2, 6% of Ordinary Time Earnings to finance an accumulation benefit where this is provided in the plan.
- any additional Employer contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions); any pre-tax member contributions; and
- In the event that the cumulative shortfall associated with benefit payments (while vested benefit coverage is less than 100%) exceeds the cumulative value of the top-up employer contributions outlined above, further top-up contributions be made to bring these measures in to line.

(m) Expected contributions

PMP expects to contribute \$0.8 million to its defined benefit plan for the year ending 30 June 2015 (2014: \$0.9 million).

(n) Maturity profile of defined benefit obligations

The weighted average duration of the defined benefit obligation is 8 years.

Expected benefit payments for the financial year ending on	\$000
30 June 2014	781
30 June 2015	945
30 June 2016	1,105
30 June 2017	905
30 June 2018	1,142
Following 5 years	6,508

23 Share-based payment plans**(a) Employee long term incentive plan**

Ordinary shares up to 5.0% (2013: 5.0%) of the total number of ordinary shares on issue may be allotted under the PMP long term incentive plan.

Total number of employee options/performance rights issued since commencement:	70,638,024
Total number of employee performance rights issued as at balance date:	11,861,492
Rights on issue (as a percentage of total shares on issue) as at 30 June 2014:	3.66%
Total number of employee performance rights issued during the year	3,315,975
Total number of employee performance rights issued post balance date:	—

(i) Performance rights

Allotment Date	1/10/10 (i)	1/10/11 (ii)	1/10/12 (iii)	1/10/13 (iv)	Total Number
On issue at beginning of year	710,371	1,338,743	10,094,652	—	12,143,766
Issued during the year	—	—	—	3,315,975	3,315,975
Lapsed during the year	(710,371)	(545,549)	(2,342,329)	—	(3,598,249)
On issue at end of year	—	793,194	7,752,323	3,315,975	11,861,492
Lapsed subsequent to balance date*	—	(793,194)	—	—	(793,194)
Outstanding at date of Directors' report	—	—	7,752,323	3,315,975	11,068,298
Number of participants (at balance date)	—	4	8	12	
Vesting date (Following the announcement of the)	FY13 results	FY14 results	FY15 results	FY16 results	
Fair value per right - TSR hurdle (v)	\$0.47	\$0.50	\$0.06	\$0.42	
Fair value per right - ROCE and EBITDA hurdle (v)	\$0.66	\$0.63	\$0.16	\$0.47	

* 793,194 performance rights lapsed due to performance hurdles not being met over the performance period.

- (i) October 2010, granted rights to the value of between 15% - 50% of each participant's total employment cost. The number of rights granted was determined based on the weighted average share price for the one week period up to grant date (\$0.70).

Performance rights entitle participants to receive PMP shares for nil cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY11, FY12 and FY13 as follows:

- PMP's Total Shareholder Return (TSR) exceeds the change in the ASX All Ordinaries Accumulation Index over the three year performance period, all rights subject to the TSR hurdle (being 50% of rights granted) will vest and be exercisable;
- Return on Capital Employed (ROCE) performance over the three year performance period is at least equal to the target average ROCE set by the Board on commencement of the performance period. The target ROCE for these awards is the greater of the average budgeted ROCE or the average Weighted Average Cost of Capital (WACC) over the performance period, all rights subject to the ROCE hurdle (being 50% of rights granted) will vest and be exercisable.

These performance rights lapsed on 28 August 2013, following the announcement of the results for the year ended 30 June 2013. Neither the TSR nor the ROCE performance hurdles were met over the three year performance period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014

23 Share-based payment plans (continued)

(a) Employee long term incentive plan (continued)

(i) Performance rights (continued)

- (ii) In October 2011, granted rights to the value of between 15% - 50% of each participant's total employment cost. The number of rights granted was determined based on the weighted average share price for the one week period up to grant date (\$0.68).
Performance rights entitle participants to receive PMP shares for nil cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY12, FY13 and FY14 as follows:
- PMP's Total Shareholder Return (TSR) over the three year performance period comprising FY12, FY13 and FY14 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities. 50% of rights granted are subject to the TSR hurdle. If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest.
 - PMP's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) over the three year period comprising FY12, FY13 and FY14 is measured against a target for the PMP Group. 50% of rights granted are subject to an EBITDA hurdle. The number of rights to vest are pro rated based on a target EBITDA range.
- (iii) In October 2012, rights to the value of between 15% - 50% of each executive participant's total employment cost were granted to executives. The number of rights granted was determined based on the weighted average share price for the one week period up to grant date (\$0.16). 2,100,000 rights were also granted to PMP Chief Executive Officer and Managing Director, Mr Peter George. This grant was approved by shareholders at the 2013 Annual General Meeting. Performance rights entitle participants to receive PMP shares for nil costing after vesting. Rights will only vest if relevant performance hurdles described in (ii) are achieved across the following three years FY13, FY14 and FY15.
- (iv) In October 2013, rights to the value of between 15% - 50% of each executive participant's total employment cost were granted to executives. The number of rights granted was determined based on the weighted average share price for the one week period up to grant date (\$0.34).
Performance rights entitle participants to receive PMP shares for nil costing after vesting. Rights will only vest if relevant performance hurdles described in (ii) are achieved across the following three years FY14, FY15 and FY16.
- (v) Rights subject to the TSR hurdle have been independently valued using a Monte Carlo simulation and the Black Scholes model has been used to value the rights with a ROCE and EBITDA performance condition.
The following table lists the inputs to the models used to value the rights granted:

	1/10/2010	1/10/2011	1/10/2012	1/10/2013
Dividend yield	2.40%	1.82%	0.00%	0.00%
Expected volatility	50%	50%	60%	60%
Risk-free interest rate	4.80%	3.62%	2.81%	3.11%
Correlation	0.24	Historical share prices used to calculate the correlation of returns of PMP and the constituents of the peer group.	Historical share prices used to calculate the correlation of returns of PMP and the constituents of the peer group.	Historical share prices used to calculate the correlation of returns of PMP and the constituents of the peer group.
Share price at grant date	\$0.70	\$0.66	\$0.16	\$0.47

The fair value does not contain any discount for forfeiture due to employee leaving before vesting.

(b) Chief Executive Officer (CEO) Short-Term Incentives (STIs)

- (i) Mr Peter George, PMP Chief Executive Officer and Managing Director has a short term incentive (STI) of up to 100% of his base remuneration of which 33.3% will be paid in PMP shares, subject to the achievement of the following targets:
- Budgeted EBIT (between 60% - 70%)
 - Improved safety (up to 20%)
 - Personal objectives (between 10% - 20%)

A STI payment of \$421,000 was made for the 2014 financial year. PMP shares to the value of \$140,193 will be purchased on market during 2014/2015. Shares will vest to Mr Peter George 12 months after the financial year.

24 Related parties

(a) Key management personnel

Details of key management personnel, including remuneration, are included in the section titled "Remuneration Report" included in the Directors' report.

No key management personnel received or is entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments. Any transactions with key management personnel are made on normal commercial terms and conditions.

(b) Compensation of key management personnel

The aggregate compensation made to Directors and other members of key management personnel of the company and the Group is set out below:

	PMP Group	
	2014 \$	2013 \$
Short-term employee benefits	2,674,923	4,678,947
Other long-term employee benefits	5,762	25,684
Post employment benefits	135,885	232,477
Termination payments	—	1,000,000
Share-based payment*	355,708	(107,792)
Total compensation	3,172,278	5,829,316

*: This is based on the accrued accounting value in accordance with AASB 2 Share-based payments. All rights valued in accordance with AASB 2 have been independently valued. In accordance with AASB 2 the non-market conditions associated with these rights were not taken into account when estimating the fair value at grant date. Instead, the number of rights expected to eventually vest is re-assessed at the end of each reporting period.

(c) Key management personnel shareholdings

This information is disclosed within the "Remuneration Report" included in the Directors' Report.

(d) Transactions with key management personnel and their related parties

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies

One of these companies transacted with the Group during the year. The terms and conditions of this transaction were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

Director	Transaction	Transaction value for the year ended 30 June		Balance outstanding as at 30 June	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
N Sparks	Catalogue printing and distribution *	740	—	74	—

* The group printed and distributed catalogues for Deals Direct, a company for which Naseema Sparks is Chairman. Amounts were billed based on normal market rates for such services and payable under normal payment terms.

(e) Transactions with related parties in the wholly owned group

Details of controlled entities are set out in Note 20. The entities and PMP conduct business transactions between themselves. Such transactions include the purchase and sale of goods, services, plant and equipment and the receipt and payment of management fees, dividends and interest. All such transactions are conducted on the basis of normal commercial terms and conditions, have been eliminated on consolidation and are not disclosed in this note. PMP Limited has made a \$448.2 million allowance for the provision of doubtful debts regarding related parties (2013: \$440.2 million). PMP Limited has impaired its investment in controlled entities during the year ended 30 June 2014 by \$84.5 million (2013: \$72.1 million).

(f) Transactions with other related parties

There were no transactions with any other related parties of the PMP Group.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014

25 Sale of business

2014

No sale of business occurred during the year ended 30 June 2014.

2013

During the year ended 30 June 2013 PMP Limited accepted Experian Australia Pty Limited's offer to acquire all the shares in Pacific Micromarketing Pty Limited and the related assets of Pacific Micromarketing New Zealand for US\$6.5 million. The business was sold on 21st December 2012 and reported as a sale of a business.

Details of the sale of the business were as follows:

	2013 \$'000
Consideration received or receivable	5,661
Carrying amount of net assets sold	(224)
Gain on sale before income tax	5,885
Income tax expense	219
Gain on sale after income tax	5,666
The carrying amounts of assets and liabilities as at the date of sale were:	
Receivables	1,692
Other assets	478
Property, plant and equipment	342
Intangible assets	186
Deferred tax assets	124
Total assets	2,822
Payables	2,620
Provisions	327
Deferred tax liabilities	99
Total liabilities	3,046
Net assets	(224)

US\$0.5 million of the sales proceeds was deferred for twelve months. The amount was retained by Experian Australia Pty Limited as a retention fund against any warranty claims or claims in respect of any breaches of the sale and purchase agreement. This amount was received in full in January 2014.

	2014 Number '000	2013 Number '000
26 Earnings per share		
(a) Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	323,781	323,781
Effect of dilutive securities:		
Share rights*	—	—
Weighted average number of shares used in the calculation of diluted earnings per share	323,781	323,781

*: The weighted average number of exercised/lapsed share rights included is nil (2013: nil)

11,861,492 rights outstanding as at 30 June 2014 are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2014 (2013: 12,143,766 anti-dilutive). These rights could potentially dilute basic earnings per share in the future.

	2014 \$'000	2013 (Restated)* \$'000
(b) Earnings		
Net profit/(loss) after income tax	3,402	(70,172)
Profit/(Loss) used in calculating basic and diluted earnings per share	3,402	(70,172)

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. These changes impacted earnings per share by (0.2) cents for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

Year ended 30 June 2014	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
27 Cash flow statement notes			
(a) Reconciliation of cash flow from operating activities to operating profit/(loss) after income tax			
Operating profit/(loss) after income tax*		3,402	(70,172)
Adjustments for non-cash items:			
Depreciation	2(e)	33,948	36,998
Amortisation	2(e)	644	805
Impairment of plant, equipment, goodwill and intangibles	2(c)	—	65,861
Provision/(credit) for doubtful debts/bad debts written off		(994)	(585)
Movement in provision for tax		(1)	(42)
Gain on disposal of business	2(a), 2(c)	—	(5,885)
Net gain on disposal of property, plant and equipment	2(a), 2(c)	4,298	(21,283)
Share-based payment plans		801	—
Non-cash superannuation expense*	22(a)	502	747
Other non-cash items*		(2,004)	(2,309)
Change in assets and liabilities:			
Accounts receivable	Decrease/(Increase)	10,049	10,758
Inventories	(Increase)/Decrease	5,662	(3,455)
Liabilities*	(Decrease)/Increase	(23,474)	7,397
Non-current assets*	(Increase)/Decrease	5,295	(400)
Provision for employee benefits*	(Decrease)/Increase	(1,822)	(8,909)
Prepayments and other assets	(Increase)/Decrease	(762)	(1,930)
Net cash provided from/(used in) operating activities		35,544	7,596
* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.			
(b) Reconciliation of cash and cash equivalents			
Cash and cash equivalents		28,745	21,211
Total cash and cash equivalents		28,745	21,211

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	PMP Group 2014 \$'000	2013 \$'000
28 Financial instruments			
<p>The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.</p>			
Categories of financial instrument:			
The Group holds the following categories of financial instruments:			
Financial assets			
Cash and cash equivalents	27(b)	28,745	21,211
Trade and other receivables	5, 7	87,137	99,599
Derivative financial instruments	15	2,610	8,267
Other	7	240	240
		118,732	129,317
Financial liabilities			
Trade and other payables	12	120,825	138,897
Interest bearing liabilities	13a, 13b	83,725	113,318
Derivative financial instruments	15	3,105	1,728
		207,655	253,943

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1.

(a) Hedging policy - overview

The economic entity trades internationally, giving rise to exposure to market risks from changes in foreign currency exchange rates and interest rates. Derivative financial instruments are utilised to reduce those risks, principally interest rate swaps and contracts for forward currency. The economic entity has adopted certain principles in relation to derivative financial instruments:

- a) It does not trade in derivatives that are not used in hedging the underlying business exposure of the economic entity;
- b) All hedging is undertaken through the Group's central treasury operation and is in accordance with Board approved policies.

(b) Interest Rate Management

The Group enters into fixed rate instruments to manage the cash flow risks associated with the interest rates on borrowings that are floating. Interest rate instruments allow the Group to swap floating rate borrowings into fixed rate borrowings in accordance with the PMP Group policy. These activities are regularly evaluated to ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet financial obligations and to ensure compliance with borrowing covenants.

28 Financial instruments (continued)

(b) Interest Rate Management (continued)

i) Interest rate risk exposure

The following table sets out the amount of cash, variable rate borrowings, fixed rate borrowings and interest rate contracts outstanding.

	30 June 2014		30 June 2013	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank loans - A\$ floating rate	—	—	6.4%	(50,000)
Bank loans - NZ\$ floating rate	6.7%	(12,120)	6.2%	(39,473)
Bank loans - EUR floating rate	2.4%	(21,586)	2.3%	(23,776)
Corporate Bond	8.8%	(50,000)	—	—
Cross Currency Interest Rate Swaps				
- receive EUR floating rate	2.4%	21,586	2.3%	23,776
- pay AUD floating rate	6.7%	(18,310)	7.1%	(20,751)
Interest Rate Swaps (notional principal amounts)				
- receive AUD floating rate	2.7%	15,000	2.8%	40,000
- pay AUD fixed rate	4.2%	(15,000)	4.6%	(40,000)
Interest Rate Swaps (notional principal amounts)				
- receive NZD floating rate	3.4%	6,992	2.6%	29,394
- pay NZD fixed rate	4.9%	(6,992)	5.0%	(29,394)
Finance Lease Liabilities	10.7%	(18)	10.7%	(69)
Year end borrowing cost (excl. cash, fees & charges)	8.3%	(80,448)	7.7%	(110,293)
Cash and cash equivalents	2.6%	28,745	2.6%	21,211

As at balance date, the Group maintained floating rate borrowings of \$8.4 million (2013: \$40.8 million), that were not hedged by interest rate swaps. The associated interest rate risk is partially mitigated by expected free cash flow and intra-period movements in cash requirements. Under the AUD and NZD bank loans, the Group pays the Bank Bill Swap Rate (BBSW) plus a margin between 275 and 350 basis points. In 2014, the average borrowing rate excluding capitalised fees and charges was 8.0% (2013: 8.3%). PMP Limited's receivables and payables are non-interest bearing. Cash and overdraft amounts are at the floating interest rate applicable to the PMP Group.

	NOTES	PMP Group	
		2014 \$'000	2013 \$'000
ii) Fair value of interest rate swaps			
Australian Dollar interest rate swaps		(301)	(753)
New Zealand Dollar interest rate swaps		(105)	(798)
Total fair value of interest rate swaps	15	(406)	(1,551)
At 30 June 2014, \$0.8 million of income has been recorded in the Statement of profit or loss and other comprehensive income (2013: \$1.4 million income).			
iii) Fair value of cross currency swaps			
Australian Dollar / Euro cross currency interest rate swaps		2,574	2,350
Total fair value of cross currency swaps	15	2,574	2,350

The cross currency swaps convert the Euro denominated floating debt to Australian dollar floating debt, and has been designated as cash flow hedges.

At 30 June 2014, a \$35,000 gain has been recorded in the Statement of profit or loss and other comprehensive income (2013: \$12,000 gain).

iv) Interest rate sensitivity analysis - Fair Value Interest Rate Risk

If interest rates had changed +/- 1% from the year end rate with all other variables held constant, the impact on net profit/(loss) for the year including the impact on the fair value of interest rate swaps would have been:

	PMP Group	
	2014 \$'000	2013 \$'000
Net profit/(loss) impact at 30 June		
Interest rates increase 1%	377	1,170
Interest rates decrease 1%	(385)	(944)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014

28 Financial instruments (continued)

(b) Interest Rate Management (continued)

v) Interest rate sensitivity analysis - Cashflow Interest Rate Risk

If interest rates had changed +/- 1% on unhedged floating debt from the year end rate with all other variables held constant, the impact on net profit/(loss) for the year including the impact on cashflow interest rate swaps would have been:

Net (loss)/profit impact at 30 June	PMP Group	
	2014 \$'000	2013 \$'000
Interest rates increase 1%	(264)	(325)
Interest rates decrease 1%	264	325

(c) Liquidity risk management

Liquidity risk is the risk that funds may be insufficient to settle a transaction on the due date, and the Group may be forced to sell financial assets at a value which is below what they are worth.

PMP manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continually monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The table on the following page shows the Group's financial liabilities and derivative instruments in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts shown in the table are the contractual, undiscounted cash flows and include both principal and interest.

30 June 2014	Carrying amount \$'000	Contractual cash flows \$'000	PMP Group			
			Less than one year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000
Interest bearing liabilities						
Bank Overdraft - Australia	—	—	—	—	—	—
Corporate Bond - Australia	50,000	65,313	4,375	4,375	56,563	—
Bank Loans - Australia	—	—	—	—	—	—
Bank Loans - New Zealand	12,120	12,549	12,549	—	—	—
Bank Loans - Euro	21,586	23,928	3,374	3,300	9,652	7,602
Interest Rate Swaps - Aust (1)	301	301	200	101	—	—
Interest Rate Swaps - NZ (1)	105	105	62	32	11	—
Cross Currency Swaps - AUD/EURO (2)	(2,574)	(299)				
- inflows			(3,374)	(3,300)	(9,652)	(7,602)
- outflows			3,624	3,482	9,652	6,871
Finance lease liabilities	19	19	19	—	—	—
Forward FX Contracts						
- inflows	(1)	(374) (3)	(374)	—	—	—
- outflows	(2,663)	70,530 (3)	70,530	—	—	—
Payables	120,825	120,825	120,825	—	—	—
Total	199,718	292,897	211,810	7,990	66,226	6,871

30 June 2013	Carrying amount \$'000	Contractual cash flows \$'000	PMP Group			
			Less than one year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000
Interest bearing liabilities						
Bank Overdraft - Australia	—	—	—	—	—	—
Bank Loans - Australia	50,000	53,149	32,805	20,344	—	—
Bank Loans - New Zealand	39,473	42,986	2,799	40,187	—	—
Bank Loans - Euro	23,776	27,274	3,311	3,341	9,933	10,689
Interest Rate Swaps - Aust (1)	753	856	559	239	58	—
Interest Rate Swaps - NZ (1)	798	893	441	237	215	—
Cross Currency Swaps - AUD/EURO (2)	(2,350)	602				
- inflows			(3,363)	(3,358)	(9,983)	(10,744)
- outflows			3,826	3,676	10,419	10,129
Finance lease liabilities	69	74	56	18	—	—
Forward FX Contracts						
- inflows	(5,742)	(391) (3)	(391)	—	—	—
- outflows	2	68,060 (3)	68,060	—	—	—
Payables	138,897	138,897	138,897	—	—	—
Total	245,676	332,400	247,000	64,684	10,642	10,074

(1), (2), (3) Refer to next page.

28 Financial instruments (continued)

(c) Liquidity risk management (continued)

- (1) For the contractual cash flows, this represents the net amount for interest rate swaps for which net cash flows are exchanged. For the carrying amounts, this represents the fair value amount as shown in note 29(b)(ii)
- (2) This represents the Australian Dollar equivalents of the interest and principal payments due on the cross currency swap. For the carrying amount, it represents the fair value amount as shown in note 29(b)(iii)
- (3) This represents the Australian Dollar equivalents of the foreign currency payment/receipt leg of the forward foreign exchange contracts.

(d) Foreign exchange management

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency exchange risk arises primarily from where the Group has firm commitments or highly probable forecast transactions for receipts and payments that are to be settled in foreign currencies, where the price is dependant on foreign currencies, or where there is a risk that arises on translation of net investments in foreign operations.

The Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to the New Zealand Dollar, the US Dollar, the Euro and the Great British Pound.

Foreign exchange risk that arises from firm commitments or highly probable transactions are managed primarily through the use of forward foreign currency derivatives. A portion of these transactions are hedged (such as the purchase of paper from various foreign suppliers) in each currency in accordance with the Group's risk management policy.

Foreign exchange risk arises from foreign denominated borrowings. These borrowings are hedged back into the local currency via the use of hedging instruments. This is to ensure that the risk from movements in exchange rates and foreign interest rates are eliminated.

Foreign currency risk also arises on translation of the net assets of PMP's non-Australian controlled entities which have a different functional currency. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve on translation to Australian Dollars on consolidation. This translation foreign currency risk is managed with borrowings denominated in the currency of the entity concerned.

Where a subsidiary hedges foreign exchange transactions it designates hedging instruments as cash flow hedges as appropriate.

i) Foreign currency borrowings

	Liabilities		Assets	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Euro borrowings	21,586	20,751	—	—
Cross Currency Swap	(21,586)	(20,751)	—	—
	—	—		

ii) Australian entity contracts to exchange foreign currency - relating to receipts and payments

		Average exchange rate		PMP Group	
		2014 \$	2013 \$	2014 \$'000	2013 \$'000
United States Dollars	- less than one year	0.912	0.999	22,426	11,711
UK Pounds	- less than one year	—	0.607	—	34
UK Pounds receivables	- less than one year	0.552	0.609	(324)	(391)
Euros	- less than one year	0.651	0.775	26,537	35,947
				48,639	47,301

iii) New Zealand entity contracts to exchange foreign currency - relating to receipts and payments

		Average exchange rate		NZ Dollars Average fixed rate		AUD \$ Equivalent PMP Group	
		2014 \$	2013 \$	2014 NZD \$'000	2013 NZD \$'000	2014 \$'000	2013 \$'000
		United States Dollars	- less than one year	0.828	0.824	22,657	24,180
				22,657	24,180	21,124	20,308

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014

28 Financial instruments (continued)

(d) Foreign exchange management (continued)

iv) Australian entity contracts to exchange foreign currency - relating to capital expenditure

		Average exchange rate		PMP Group	
		2014 \$	2013 \$	2014 \$'000	2013 \$'000
Euros	- less than one year	—	0.775	—	60
				—	60

v) New Zealand entity contracts to exchange foreign currency - relating to capital expenditure

		Average exchange rate		NZ Dollars Average fixed rate		AUD \$ Equivalent PMP Group	
		2014 \$	2013 \$	2014 NZD \$'000	2013 NZD \$'000	2014 \$'000	2013 \$'000
UK Pounds	- less than one year	0.506	—	475	—	443	—
				475	—	443	—

vi) Fair value of forward exchange contracts

		NOTES	PMP Group	
			2014 \$'000	2013 \$'000
Australian entity	- foreign exchange contracts relating to receipts		(1)	(2)
Australian entity	- foreign exchange contracts relating to payments		(1,759)	4,361
New Zealand entity	- foreign exchange contracts relating to payments		(896)	1,376
Australian entity	- foreign exchange contracts relating to capital expenditure		—	5
New Zealand entity	- foreign exchange contracts relating to capital expenditure		(8)	—
Total fair value of forward exchange contracts			(2,663)	5,740
Comprised of:				
Financial assets	- current	15	—	5,740
Financial assets	- non current	15	6	—
Financial liabilities	- current	15	(2,669)	—
Total fair value of forward exchange contracts			(2,663)	5,740

28 Financial instruments (continued)

(d) Foreign currency management (continued)

vii) Fair value of forward exchange contracts (continued)

At 30 June 2014, a \$1.0 million credit (2013: \$0.9 million credit) has been recognised within the Statement of profit or loss and other comprehensive income and a \$1.9 million credit, excluding tax effect (2013: \$4.1 million credit) is included within the cash flow hedge reserve in equity. \$0.5 million credit was transferred to inventory during the financial year ended 30 June 2014 (2013: \$0.9 million credit).

viii) Foreign currency sensitivity risk

The following table shows the effect on equity excluding tax effect as at 30 June from a 10% adverse / favourable movement in exchange rates at that date on a total portfolio basis with all other variables held constant, taking into account all underlying exposures and related hedges.

Adverse versus favourable movements are determined relative to the underlying exposure. An adverse movement in exchange rates implies an increase in the Group's foreign currency risk exposure and a worsening in financial position. A favourable movement in exchange rates implies a reduction in foreign currency risk exposure and an improvement in financial position.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future movement. Comparing the Australian dollar exchange rate against the United States dollar and the Euro, and the New Zealand dollar against the United States dollar, year end rates would give the following adverse and favourable rates:

	Year end rate	10% rate increase	10% rate decrease
Australia dollar to:			
United States dollar	0.941	1.035	0.856
Euro	0.691	0.760	0.628
New Zealand dollar to:			
United States dollar	0.877	0.965	0.798

The net gain/(loss) in the cash flow hedge reserve reflects the result of exchange rate movements on the derivatives held in cash flow hedges which will be released to the statement of profit or loss and other comprehensive income in the future as the underlying hedged item affects profit.

	PMP Group (cash flow hedge reserve) Equity at 30 June	
	2014 \$000	2013 \$000
If there was a 10% increase in exchange rates with all other variables held constant - (decrease)	(6,458)	(4,805)
If there was a 10% decrease in exchange rates with all other variables held constant - increase	3,853	5,371

The impact on the parent entity PMP Limited would be \$nil as the entity does not hold forward exchange contracts.

For the PMP Group, foreign currency translation risk associated with PMP's foreign investments results in some volatility to the foreign currency translation reserve. The impact on the foreign currency translation reserve relates to the translation of the net assets of foreign currency controlled entities on consolidation.

(e) Credit Risk

Credit risk is the risk that a counterparty will default on their financial obligations resulting in financial loss to the Group. Credit risk exists from cash and cash equivalents, trade and other receivables and derivative financial instruments. The Group's exposure to credit risk arises from the potential default of the counter party, with a maximum exposure equal to the carrying value of these assets net of any provision for doubtful debts (refer to Note 5).

The credit risk on cash and cash equivalents and financial instruments is limited as the counterparties are financial institutions with credit ratings of A- or higher. Also, PMP has policies that limit the amount of credit exposure to any one financial institution.

PMP has an approved Credit Policy Manual which provides guidelines for the management of credit risk. This provides guidance for the way in which the credit risk of customers is assessed, and the use of credit risk rating and other information in order to set appropriate trading limits with customers.

In some instances security may be required to be supplied to PMP from customers to minimise risk. The security is either in the form of Director guarantees for their business which is secured over a residential property or may be an upfront payment of between 75% - 50% of the trade before executing the sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014

28 Financial instruments (continued)

(f) Capital management

PMP Limited's capital management plan over the medium term is to achieve a target capital structure and to optimise financial returns to investors based on the following considerations:

- The capability to service debt and meet financial covenant constraints;
- Delivering a capital structure which meets the Group's cashflow requirements;
- Listed comparables and market expectations;
- Retaining flexibility for PMP to pursue attractive investment opportunities including organic growth, acquisitions and shareholder returns.

The group has target gearing levels in the range of:

- Net debt to EBITDA below 2 times. As at 30 June 2014 it was at 0.8 times
- EBITDA (before significant items) to borrowing costs of greater than 4.0 times. As at 30 June 2014 it was at 5.1 times

The company currently seeks to retain flexibility through maintaining a gearing ratio that is either within the lower end or below the range taking into account the earnings of the business over the next 12-24 months. Due to the level of EBITDA and the industry we operate in, we believe that the investors expect PMP to maintain a lower level of gearing.

(g) Fair values

The fair value of all financial assets and liabilities equates to the carrying value.

(h) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following tables present the Group's assets and liabilities measured and recognised at fair value.

PMP Group - 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	—	(2,663)	—	(2,663)
Cross Currency Swaps	—	2,574	—	2,574
Financial derivatives at fair value through profit or loss				
Interest Rate Swaps	—	(406)	—	(406)
Foreign Exchange Option Contracts	—	—	—	—
Total financial derivatives	—	(495)	—	(495)

PMP Group - 30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	—	5,740	—	5,740
Cross Currency Swaps	—	2,350	—	2,350
Financial derivatives at fair value through profit or loss				
Interest Rate Swaps	—	(1,551)	—	(1,551)
Foreign Exchange Option Contracts	—	—	—	—
Total financial derivatives	—	6,539	—	6,539

The fair value of financial instruments that are not traded in an active market (for example, derivatives used for hedging) is determined using valuation techniques adjusted for non-performance/credit risk. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value. Other techniques such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. The fair value of forward exchange contracts is calculated by reference to current forward contracts with similar maturity profiles. These instruments are included in level 2.

29 Contingent liabilities

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

The Company:

- PMP has guaranteed the debts of certain wholly owned Australian controlled entities in accordance with a Deed of Guarantee and class order number 98/1418 issued by the Australian Securities and Investments Commission, which provides relief from the requirement to prepare statutory financial statements.

Related bodies corporate:

- PMP 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 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.

30 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.

31 Interest in jointly controlled entity

In the 2013 financial year, Gordon & Gotch Australia Pty Limited divested its 50% interest in Impact Merchandising Pty Ltd, which was resident in Australia and the principal activity of which was operating a merchandising business in Australia. This resulted in a loss of \$20,000 being recorded for the 2013 financial year.

The interest in Impact Merchandising Pty Ltd was accounted for in the consolidated financial statements using the equity method of accounting and was carried at cost by Gordon & Gotch Australia Pty Ltd.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 30 June 2014	NOTES	PMP Limited	
		2014 \$'000	2013 \$'000
32 Parent			
As at, and throughout the 2014 financial year, the parent company of PMP Group was PMP Limited.			
Financial performance of the parent			
(Loss)/profit after tax		(96,254)	(105,846)
Other comprehensive income/(expense)		310	209
Total comprehensive income		(95,944)	(105,637)
Financial position of the parent at year end			
Current assets		151,725	505,830
Non-current assets		134,199	204,004
Total assets		285,925	709,834
Current liabilities		122,462	451,394
Non-current liabilities		279	406
Total liabilities		122,741	451,800
Total equity of the parent comprising of:			
Contributed equity		356,035	356,035
Accumulated losses		(194,129)	(99,121)
Share-based payment reserve		1,278	1,120
Total equity		163,184	258,034

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2013. Refer to Changes in Accounting Policies.

Year ended 30 June 2014	PMP Limited	
	2014 \$'000	2013 \$'000
32 Parent (continued)		
Parent capital commitments for acquisition of property, plant and equipment		
Capital expenditure :		
- not later than one year	—	—
Total capital expenditure	—	—
Parent operating commitments for lease rental		
Operating lease rentals - parent as lessee :		
- not later than one year	3,554	4,404
- later than one year but not later than five years	7,553	7,563
- later than five years	2,023	3,326
Total operating lease rentals (lessee)	13,130	15,293
Operating lease rentals - parent as lessor :		
- not later than one year	1,413	1,367
- later than one year but not later than five years	—	1,917
Total operating lease rentals (lessor)	1,413	3,284

Investment in controlled entities

PMP Limited has impaired its investment in controlled entities during the year ended 30 June 2014 by \$84.5 million (2013: \$72.1 million).

Parent capital guarantees in respect of debts of certain subsidiaries

The parent has entered into a deed of guarantee whereby the parent guarantees debts in respect of subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed are disclosed in Note 20.

Parent contingent liabilities

There were \$nil contingent liabilities for the year ended 30 June 2014 (2013: \$nil).

DIRECTORS' DECLARATION



PMP Limited
ABN 39 050 148 644

Level 12, 67 Albert Avenue
Chatswood NSW 2067
Australia

Telephone +61 2 9412 6000
Facsimile +61 2 9413 3939
www.pmplimited.com.au

In accordance with a resolution of the Directors of PMP Limited, we state that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements are in compliance with the Financial Reporting Standards, as stated in Note 1 to the financial statements;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 20 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become liable, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Matthew Bickford-Smith
Chairman

Peter George
Chief Executive Officer and Managing Director

Sydney, 29th August 2014

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the members of PMP Limited

Report on the Financial Report

We have audited the accompanying financial report of PMP Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 42 to 95.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion, the financial report of PMP Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 38 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of PMP Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



T Hynes
Partner
Chartered Accountants
Sydney, 29 August 2014

FIVE YEAR SUMMARY

		2010 <a>	2011 <a>	2012 <a>	2013 <a> (Restated)*	2014	% change
SALES REVENUE							
PMP Australia	A\$ mill	607.7	591.9	564.0	493.6	439.9	(10.9)
Gordon and Gotch Australia	A\$ mill	408.9	413.4	358.5	323.4	298.4	(7.7)
PMP New Zealand	A\$ mill	195.5	189.0	171.4	158.8	160.9	1.3
Total Sales Revenue	A\$ mill	1,212.1	1,194.3	1,093.9	975.8	899.2	(7.8)
PROFITABILITY							
EBITDA	A\$ mill	92.8	100.1	76.5	71.6	63.4	(11.4)
EBIT							
PMP Australia	A\$ mill	49.0	56.6	39.9	30.6	20.9	(31.6)
Gordon and Gotch Australia	A\$ mill	7.5	3.7	1.0	1.1	3.4	—
PMP New Zealand	A\$ mill	5.5	4.8	1.6	9.7	9.9	2.4
Corporate	A\$ mill	(9.8)	(8.4)	(9.8)	(7.7)	(5.5)	28.4
Total EBIT	A\$ mill	52.2	56.7	32.7	33.8	28.8	(14.7)
PMP Australia EBIT/sales	%	8.1	6.9	7.1	6.2	4.8	(23.2)
Gordon and Gotch Australia EBIT/sales	%	1.8	0.9	0.3	0.4	1.2	—
PMP New Zealand EBIT/sales	%	2.8	2.6	0.9	6.1	6.2	1.0
Total EBIT/sales	%	4.3	4.7	3.0	3.5	3.2	(7.4)
OTHER							
Net cash provided by operating activities	A\$ mill	74.7	70.2	31.4	7.6	35.5	—
Earnings per ordinary share (basic)	cents	6.2	(3.4)	(7.5)	(21.7)	1.1	—
Earnings per ordinary share (diluted)	cents	6.1	(3.4)	(7.5)	(21.7)	1.1	—
Dividend per share (paid)	cents	—	 1.0	<c> 2.0	—	—	—
Total assets	A\$ mill	792.8	738.1	661.8	549.2	502.7	(8.5)
Total net debt	A\$ mill	168.1	141.0	143.3	89.1	51.7	(42.0)
Total shareholders equity	A\$ mill	374.9	355.3	320.7	258.6	264.8	2.4
Debt/Equity Ratio	%	44.8	39.7	44.7	34.4	19.5	43.3
Interest Cover	times	5.3	6.7	4.9	4.7	5.1	7.8
Depreciation	A\$ mill	39.5	39.6	40.2	37.0	34.0	8.2
Amortisation	A\$ mill	1.2	3.8	3.6	0.8	0.6	21.0
Capital Expenditure	A\$ mill	30.9	<d> 39.7	<e> 29.6	23.8	5.2	78.2
Employees Full Time	No.	2,678	2,622	2,159	1,587	1,360	14.3

Note: EBIT - Earnings before significant items, finance costs and income tax.

<a> During 2013 PMP changed its segment reporting structures due to a change in its functional organisational structure. Comparatives have been restated for 2010, 2011 and 2012. During 2010 PMP revised its accounting policy for its defined benefit plan. Comparatives have been restated for 2009.

 Final dividend for the year ended 30 June 2010 of 1.0 cent, fully franked

<c> Final dividend for the year ended 30 June 2011 of 1.0 cent and interim dividend for the year ended 30 June 2012 of 1.0 cent both fully franked.

<d> Includes cash paid for the business and assets of International Print Limited.

<e> Includes cash pre-paid for the construction of a printing press.

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

SHARE REGISTER INFORMATION

AS AT 19 AUGUST 2014

Shares and Options / Rights

Shares on issue	323,781,124
Rights on issue	—
Employee rights*	11,861,492
Total rights/options	11,861,492

* 793,194 performance rights lapsed on 29 August 2014, following the announcement of the results for the year ended 30 June 2014.

Distribution of Shareholders	Number of Shareholders	Number of Shares	% of Issued Capital
1 - 1,000	724	417,693	0.13
1,001 - 5,000	1,801	5,075,456	1.57
5,001 - 10,000	422	3,405,024	1.05
10,001 - 100,000	636	24,087,787	7.44
100,001 and over	111	290,795,164	89.81
Total number	3,694	323,781,124	100
Unmarketable Parcels: minimum \$500.00 parcel at \$ 0.475 per unit is 1,053	739	433,186	—

Name of Substantial Shareholder	Number of Securities	% Voting Power
Allan Gray Investment Management	55,495,063	17.1
Lazard Asset Management Pacific Co	48,405,278	14.9
Fraser & Neave	39,020,117	12.1
Lanyon Asset Management	37,983,137	11.7
PM Capital	28,211,489	8.7
Dimensional Fund Advisors	16,399,475	5.1

Twenty Largest Shareholders	Number of Shares	% of Total Issued
Citicorp Nominees Pty Limited	75,593,396	23.35
J P Morgan Nominees Australia Limited	65,439,935	20.21
National Nominees Limited	50,448,573	15.58
Lanyon Asset Management Pty Limited <Sp No 1 A/C>	19,241,426	5.94
Aust Executor Trustees Ltd <Lanyon Aust Value Fund>	18,741,711	5.79
BNP Paribas Noms Pty Ltd <DRP>	9,068,814	2.80
HSBC Custody Nominees (Australia) Limited	8,332,442	2.57
UBS Nominees Pty Ltd	7,158,356	2.21
RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	6,563,120	2.03
HSBC Custody Nominees (Australia) Limited - A/C	2,199,043	0.68
Idriscorp Pty Ltd <Morgan Super Fund A/C>	1,900,000	0.59
Mr Peter Murray + Mr Michael Gannon <Peter Murray Super Fund A/C>	1,300,000	0.40
Mr Anthony Cotterell + Ms Bridget Mary Naude + Mr Marc Paul Dineen <Ancot A/C>	1,195,295	0.37
Miss Yan Li	1,100,000	0.34
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	797,425	0.25
Philanthropic Investors Club Pty Ltd <Philanthropic Invst Fnd A/C>	796,569	0.25
Dr Janet Dawn Kencian	761,633	0.24
Mr Mark Herdman + Mrs Heather Fletcher Herdman <The Constantia A/C>	700,000	0.22
Rooster Booster Pty Limited	643,000	0.20
QIC Limited C/- National Nominees Limited,	514,713	0.16
Total Top 20 Holders of Fully Paid Ordinary Shares	272,495,451	84.16
Total Remaining Holders Balance	51,285,673	15.84

SHAREHOLDER INFORMATION

ASX CODE: PMP

INVESTOR INFORMATION

Shareholders requiring information should contact the share registry, or:

Geoff Stephenson
Chief Financial Officer

Telephone: 02 9412 6000

Facsimile: 02 9413 3942

Email: geoff.stephenson@pimplimited.com.au

The PMP Limited Annual General Meeting will be held at 11:00am on Thursday 20 November 2014 at The Grace Hotel
77 York Street,
Sydney NSW 2000

Details of the business of the meeting are contained in the separate Notice of Meeting sent to shareholders

SHAREHOLDER DETAILS

PMP shareholders who:

- have changed their name or address
- wish to consolidate two or more separate holdings
- wish to lodge their tax file numbers
- do not wish to receive an Annual Report

should advise PMP's share registry by completing the relevant forms available from www.computershare.com or by telephoning 1300 556 161 to request the appropriate forms.

Shareholders accessing the Computershare website will need to key in their Holder Identification Number (HIN) if their securities are broker-sponsored and held in CHESS, while shareholders with securities held in an issuer-sponsored sub-register will need to key in their Security Reference Number (SRN).

TAX FILE NUMBERS

It is important that Australian resident shareholders have their tax file number or exemption details noted by the share registry. While it is not compulsory to provide a tax file number or exemption details, PMP is required by law to deduct tax at the top marginal rate from the unfranked part of any dividend paid to Australian resident shareholders who have not supplied these details.

Alistair Clarkson

BCom LLB MBA ACIS GradDipACG

Company Secretary



RECEIVE INFORMATION BY EMAIL

Shareholders can receive notifications about company announcements, annual and periodic reports and other company information by email.

By registering for this service, shareholders can be kept up to date with significant company announcements as they happen.

TO REGISTER ELECTRONICALLY:

Visit www.pimplimited.com.au and follow these easy steps:

Click on Register Your Email Address for shareholder information

Then enter your personal security information:

- Holder Identification Number (HIN) or Security Reference Number (SRN)
- Postcode

Click on "Submit" and follow the prompts

Then just click on 'reply' to confirm your details, then 'send'.

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
GPO Box 1903
Adelaide SA 5001

Enquiries within Australia: 1300 556 161

Enquiries outside Australia: +61 3 9415 4000

Email: web.queries@computershare.com.au

Website: www.computershare.com

CHIEF ENTITY AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

ANZ Banking Group Limited
Commonwealth Bank of Australia
Commerzbank AG

The 2014 Annual Report was produced by PMP Limited companies

Concept, Design and Photography

Dimension Studios

Units 14-17
32 Ralph Street
Alexandria NSW 2015
Australia

Tel: +61 02 9490 7239

Print

PMP Maxum (NZ) Limited

122 Kerrs Rd,
Wiri, Auckland, New Zealand

Tel: +64 09 928 4200

Paper sourcing

PMP's Paper Procurement Policy requires that all paper used by the company is sourced in a sustainable and responsible manner consistent with recognised international standards. This policy enables our customers to have a high level of confidence in the sustainability of their printed communications.

When producing this annual report, PMP applied the following additional criteria:-

- Support paper suppliers who are striving to achieve the highest sustainability targets;
- Insist on FSC or PEFC accredited paper;
- Support a printer which is also striving to achieve the highest sustainability targets (PMP Maxum);
- Offset the life cycle greenhouse gas emissions from the annual report.

The paper used in this report is produced from well managed and legally harvested forests, is manufactured under an ISO14001 compliant environmental management system and uses elemental chlorine free, FSC® certified pulp.

The life cycle greenhouse gas emissions of this annual report were calculated in line with PAS 2050 and offset with Verified Carbon Standard credits.





PMP LIMITED

ABN 39 050 148 644

Level 12

67 Albert Avenue

Chatswood

New South Wales 2067

Tel: 02 9412 6000

Fax: 02 9413 3942

pmplimited.com.au