Annual Report 2016

PMP LIMITED

Company Profile

The principal activities of PMP Limited are commercial printing, letterbox delivery, digital pre-media and magazine distribution services.

PMP offers our customers unique and attractive bundled printing and distribution solutions nationwide.

The company is structured into three main areas:
PMP Australia, PMP New Zealand and Gordon & Gotch (Australia).

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

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 and have maintained market leadership for over a hundred years.

PMP Limited

ABN 39 050 148 644

Level 12, 67 Albert Avenue

Chatswood NSW 2067

Tel: 02 9412 6000

Fax: 02 9413 3942

pmplimited.com.au

Annual General Meeting

The Annual General Meeting will be held at

9.30am on Wednesday 23 November 2016 at:

Sheraton on the Park
161 Elizabeth Street
Hyde Park, Sydney 2000

Details of the business of the meeting are contained in the Notice of Meeting.

PMP Limited is financially robust with strong cash generation capability and solid market shares

2016 Highlights

Financial Snapshot

- Continued strong free cash flow*** at $37.5M up 5.7% pcp
- PMP now Net Debt free – $0.7M Net Cash compared to ($16.3M) Net Debt in FY15
- Achieved guidance on free cash flow, Net Debt and NPAT (before significant items)
- Slightly under guidance on EBIT** and EBITDA*
- Stronger cash conversion, up from 71% to 82% in FY16
- Cash flows used to commence capital management and reduce debt
- New $40M bond issued: initial $50M bond repaid, extended term to September 2019, and lower coupon (6.43% vs 8.75%).

Operational Summary

- FY16 has been another year of operating in difficult markets with a higher than normal level of churn of customer contracts
- Our focus has been on what can be controlled:
  - continuing generation of strong cash flows
  - pursuing further the bundling of print and distribution
  - further cost-out initiatives
- Industry consolidation of magazine distribution into Gordon & Gotch
- Griffin Press transitions to industry leading digital platform

Improved Shareholder Returns

- Policy to distribute 100% of Net Profit After Tax ("NPAT") (before significant items) with at least 75% via dividends and the remaining balance via on-market share buy-backs
- total dividends declared from FY16 profits - 3.6 cents per share ($11.5M)
- share buy-back undertaken from FY15 profits – 8.1M shares ($4.1M)

Key Financials FY16:

$M	2016	2015	Var %
Operating Revenue	816.0	811.7	0.5
EBITDA* (before significant items)	51.2	58.1	(11.9)
EBIT** (before significant items)	23.3	26.4	(11.7)
Net Profit (after tax) (before significant items)	11.8	12.1	(2.1)
Net Profit (after significant items)	0.2	8.0	(97.7)
Free Cash Flow***	37.5	35.5	5.7
Net Cash/(Net Debt)	0.7	(16.3)	–
Earnings Per Share (EPS)**** (before significant items)	3.7	3.7	–

* 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 Interest Paid, Income Tax paid, Capital Expenditure and movement in Working Capital.

**** EPS equals Net Profit after tax (before Significant Items)/weighted average number of ordinary shares.

Investor Information

Shareholders requiring information should contact the share registry or Chief Financial Officer
Geoff Stephenson

Tel: 02 9412 6000

Fax: 02 9413 3942

geoff.stephenson@pmplimited.com.au

ASX Code PMP

Share Registry

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street

Adelaide SA 5000

GPO Box 1903, Adelaide SA 5001

Enquiries:
Within Australia: 1300 556 161
International: +61 3 9415 4000
www.computershare.com

Board of Directors

CHAIRMAN
Matthew Bickford-Smith

CEO & MANAGING DIRECTOR
Peter George

NON-EXECUTIVE DIRECTORS
Anthony Cheong
Duhn Karai
Naseema Sparks

Dear Shareholders

PMP continues to deliver on its strategy and is now well established as a financially robust leader in the Australasian printing and distribution industry. The resilient cash generation capability and solid market shares of the company are reflected in the company now being net debt free. PMP's unique bundled printing and distribution solutions continue to remain attractive to customers.

Delivered on expectations

Free cash flow remains a key driver of the PMP business model and is one of its key financial metrics. Free Cash Flow in FY16 was $37.5M, up 5.7% on the previous year.

New equipment allows fully digital book printing at Griffin Press

The company delivered to expectations on Free Cash Flow, Net Debt and Net Profit (before significant items), which were all consistent with market guidance.

Net Profit (after tax and before significant items) was $11.8M, down $0.3M. Statutory profit after tax however fell from $8.0M in FY15 to $0.2M in FY16 due to higher significant items up $7.5M post tax (mainly due to Dick Smith ceasing trading and the fees associated from the new corporate bond).

Now Net Debt free:
an excellent outcome in a challenging industry

The strong cash flow being generated by the company has resulted in the elimination of Net Debt during the year, and PMP is now in a positive net cash position.

PMP has a Net Cash position at June 2016 of $0.7M which compares to Net Debt of $143.3M at June 2012. We consider this an excellent outcome given the challenging nature of the industry.

Industry conditions

The demand for catalogues, which account for the majority of PMP's EBITDA, remained strong over the year. Independent research continues to demonstrate the effectiveness of catalogues as a marketing medium. The company's bundled print and distribution solutions are increasingly attracting new customers, particularly mid-tier retailers.

However, industry conditions during the year remained challenging with retail market conditions and consumer sentiment continuing to be variable. There was also some customer churn and strong price competition on major contracts.

Some of PMP's major customers restructured their businesses (with Dick Smith ceasing trading), and there was some experimentation by larger customers on frequency and pagination. These developments negatively impacted revenue, which was partially offset by the securing of several new contracts.

In this difficult environment the company concentrated its focus on what was in its control: continuing to pursue the bundling of print and distribution offerings, managing additional cost-out initiatives, maintaining tight cost control at all times, which led to the generation of strong cash flows.

The catalogue segment of the printing industry is subject to over capacity and pricing pressure, and the case for industry consolidation grows.

Integrated digital book production

The return to printed book readership continued with publishers demanding short print runs with tight delivery times to meet consumer demand. To meet these changed market requirements, PMP has invested in an integrated digital printing and book finishing platform, the only one of its kind in Australasia. This underscores the position of Griffin Press as a leader in the industry as it transitions to this world class digital print platform.

Magazine distribution:
industry consolidation a welcome development

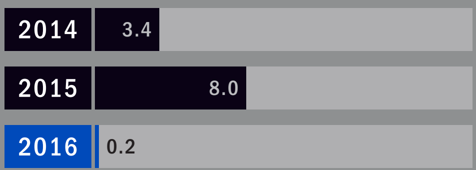
In another welcome development during 2016, the company instituted industry consolidation in the magazine distribution

The magazine distribution industry has consolidated into Gordon & Gotch

Chairman's Review

PMP prints for 345 retail clients, and delivers over 3 billion catalogues into 8.5 million letterboxes in Australia and New Zealand

Net profit after tax and significant items ($M)



- Net Profit (after tax and significant items) of $0.2M v. $8.0M pcp:◊ – Dick Smith + old bond termination costs
- Net Profit (before significant items) of $11.8M (v. $12.1M pcp)
- Earnings per share (EPS)*** flat at 3.7 cents per share v 3.7 cents per share pcp

*** EPS equals Net Profit after tax (before significant items)/weighted average number of ordinary shares.

◊ Prior corresponding period

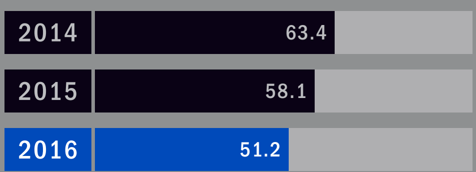
Free Cash Flow ($M)

- Free cash flow* $37.5M – up 5.7%:
  - better working capital/lower interest expense offsets lower EBITDA**

* Free cash flow is defined as EBITDA** before significant items, less interest paid, income tax and capital expenditure, and movement in working capital.

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

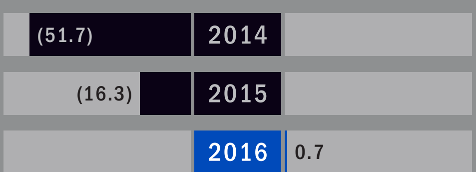
EBITDA** before significant items ($M)



- EBITDA** (before significant items) down $6.9M
- Australia and PMP New Zealand is partially offset by lower Corporate Costs

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

Net Cash/(Net Debt) ($M)



- Net Cash $0.7M v. Net Debt ($16.3M) pcp

sector with Gordon & Gotch undertaking magazine distribution for Bauer Media following on from the closure of Bauer's magazine distribution businesses. This has established Gordon & Gotch as the major distributor of magazines in Australia and New Zealand and reflects PMP's capability to successfully undertake industry consolidation.

New bond

In September 2015, PMP successfully issued a new unsecured bond for $40M to replace the existing $50M bond, which was redeemed in October 2015. This refinancing reduced the absolute coupon payable on the bond from 8.75% to 6.43% and in addition the term was extended.

Capital Management: dividend increased to shareholders

PMP was pleased to be able to declare a final unfranked dividend of 2.4 cents per share. This is consistent with the company's capital management policy to distribute annually 100% of Net Profit After Tax (before significant items) back to shareholders either as dividends or by way of share buy-back.

PMP acknowledges that this payment is higher than the policy guideline of 75% as dividends and is an exception rather than a change to the policy. This decision has resulted from the relatively limited liquidity that was seen in the recent share buy-back and the company's desire to fully distribute FY16 profits (before significant items).

During FY16 the company undertook an on-market share buy-back and purchased 8.1M shares at an average price of 51 cents. The $4.1M cost was allocated out of FY15 profits.

Board renewal

Mr Peter Margin has retired as a director of PMP Limited on 25 August 2016 following his appointment as Executive Chairman of a major beverage company, Asahi Holdings (Australia) Pty Ltd. The Board and management of PMP thank Peter for his valuable contribution and guidance since joining the Board on 30 January 2012 and wish him great success in his future endeavours.

On 1 June 2016 the Board welcomed Ms Dhun Karai as a Director of PMP. She will stand for election at PMP's Annual General Meeting in November 2016. Ms Karai is also a member of the Audit and Risk Management Committee and took up the position of Chair of the committee upon Peter Margin's retirement.

During the year Ms Naseema Sparks assumed the Chair of the Appointments and Compensation Committee.

Griffin Press is the leading book printer in Australia, producing titles for 24 multi-national publishers.

Outlook

Going forward, PMP will continue to maintain its position as a financially robust, efficient and integrated printer and distributor in Australasia.

PMP expects current market conditions to continue into FY17 with major print contracts still subject to strong price competition. Nevertheless, PMP will continue to strengthen its position in the key print and distribution markets.

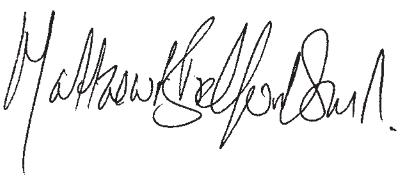
The full effects of the agreement Gordon & Gotch has with Bauer Media for magazine distribution in Australia and New Zealand will flow through in FY17.

The company will provide a trading update for FY17 at the Annual General Meeting in November 2016.

The company's disciplined focus on generating free cash flow will remain for the foreseeable future. This together with PMP being net debt free positions the company strongly for the eventual consolidation of the printing industry.

Thank you

On behalf of the Board and myself, I would like to thank Peter George, the senior management team and all PMP's employees and management for their continued dedication and commitment during the year. Their dedication and commitment have resulted in a well established financially robust leader in the Australasian printing and distribution industry.

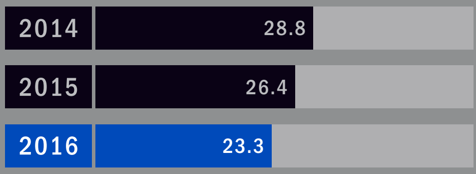


Matthew Bickford-Smith *CHAIRMAN*

Sales Revenue

- Sales Revenue higher 0.5% up $4.3M:
  - Gordon & Gotch up $77.3M
  - PMP Australia heatset print down $57.8M
  - PMP NZ down $15.3M

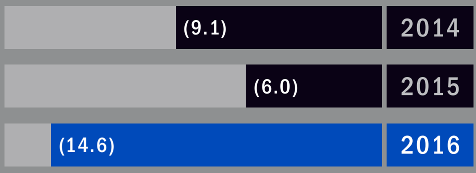
EBIT† before significant items



- Slightly down on the previous year due to lower than expected volumes from key heatset customers and higher than anticipated operational costs at Griffin Press resulting from continued increase in demand for short-run on-demand printing.

† Earnings before Finance Costs and Income Tax

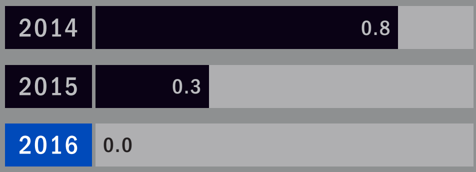
Significant Items



- Redundancy and other costs $8.4M
- Bond break fee $1.5M
- Write off prepaid financing costs $0.8M
- Impairment of receivables $3.9M

Gearing Level

(Net Debt/EBITDA before Significant Items)



- Interest Cover‡ 8.5x v. 6.5x pcp

‡ EBITDA (before Significant Items) to borrowing costs.

Why catalogues are our core business

PMP is the only provider of nationwide integrated catalogue print and distribution services in Australia and New Zealand.

The printing and distribution of advertising catalogues are a major part of PMP's business and the company is confident that this market will remain robust.

This view underscores why the company is concentrating on enhancing its relevance to retailers by offering a seamless end-to-end integrated catalogue printing and distribution process. From our DMarketer® print preparation system, to cost effective efficient printing, through to mass letterbox distribution, PMP is the leader in this segment. The company is enhancing its attractiveness to customers with its ability to geo-demographically target versions of catalogues to specific audiences.

Why are catalogues so important to retailers?

- Research from Roy Morgan Research[1] shows that more people now read catalogues than national and metropolitan newspapers, demonstrating the importance of catalogues in reaching consumers.
- The findings show that over 12 million Australians say catalogues are the most useful media for providing information on what to buy in one or more product categories. In fact, catalogues remain the number one go-to media source for groceries, clothes, toys, alcohol and cosmetics.
- 58% of Australians 14 years+ who have read a catalogue in the last 7 days have bought from a catalogue in the last 7 days.
- Almost half of all Australians 14 years+ (49%) cite catalogues as the Media Most Useful when purchasing groceries. This is more than double the number saying the internet is handiest (20%).
- Across every one of 28 product categories, either catalogues or internet rank as the most-cited Media Most Useful. In categories where catalogues win, the internet comes second; in all other categories, the internet wins.
- Australians spend more than 83 minutes per week reading catalogues.
- Women are the highest catalogue consumers at 68%.

These findings are corroborated

Separate independent research in Australia carried out by Nielsen[2] shows that catalogues are often kept within the home for a week and referred to later. They also initiate action with a large percentage of readers going into the store after reading the catalogue.

These research findings substantiate what PMP has been saying for some time; that catalogues are resilient and remain an important tool for marketers as part of their marketing communications. There is an increasing awareness of this by many retailers, that catalogues are integral to a successful advertising strategy. This reinforces PMP's focus of offering national print and distribution solutions.

[1] Roy Morgan Research Single Source (Australia) April 2015 - March 2016.
[2] Nielsen Consumer and Media View, 2014 as quoted in "Supplementary Catalogue Industry Report", March 2015 by Australian Catalogue Association.

Catalogues. An effective way to reach a lot of people.

13,878,000

Australians aged 14+ have **READ** a catalogue in the last **4 WEEKS**

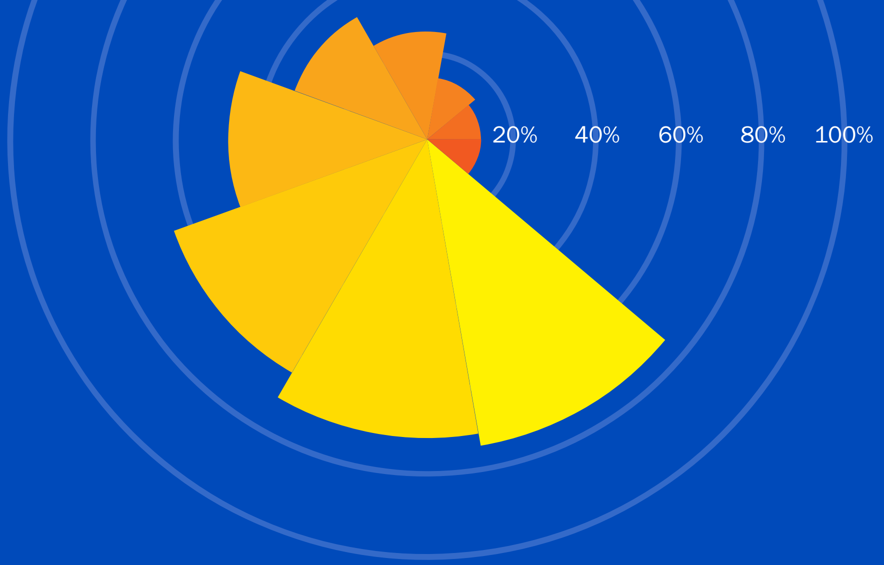
10,495,000

Australians aged 14+ have **READ** a catalogue in the last **7 DAYS**

6,492,000

Australians aged 14+ have **BOUGHT** from a catalogue in the last **7 DAYS**

Of the 10,495,000 Australians that have read a catalogue in the last 7 days...



7,889,000 (75%) have not watched Pay TV in the last 7 days

7,597,000 (72%) have not been to the cinema in the last 4 weeks

6,850,000 (65%) have not read a local newspaper in the last 7 days

5,049,000 (48%) have not read a newspaper in the last 7 days

3,576,000 (34%) have not listened to commercial radio on a weekday

2,738,000 (26%) have not read a magazine

1,557,000 (15%) have not seen outdoor advertising in the last 7 days

1,383,000 (13%) have not watched commercial TV on a weekday

1,328,000 (13%) have not listened to the radio in the last 7 days

Another year of steady progress and solid performance

Overview

PMP has had another year of steady progress and delivered solid performances against most indicators, despite a difficult year in PMP Australia. The company continues to return strong cash flows and has delivered on market guidance for Free Cash Flow, Net Debt and NPAT (before significant items). Importantly, the company is now Net Debt free which is ahead of guidance provided last year.

FY16 Results and Achievements

The focus has been on the disciplined execution of cost-out initiatives, continued tight cost controls and the generation of strong cash flows. These cash flows were used to commence capital management and reduce debt. PMP made good progress on all these fronts during the year.

With PMP's Net Cash position of $0.7M as at 30 June 2016, becoming Net Debt free was a major milestone in the company's history as it was only a few years ago that the business had Net Debt of $143M. This achievement is a clear indicator of the company's cash generating capability and evidence of the tight control that continues to be maintained over working capital and capital expenditure.

Sales at $816.0M were up by $4.3M or 0.5% over the previous year. Gordon & Gotch sales were up $77.3M and Distribution Australia sales rose by 3.3% as a result of higher volumes. However this was mostly offset by lower print sales at PMP Australia of $57.8M. After adjusting for one-off factors, heatset print sales fell in Australia by 4.8% or $9.0M, while sales at PMP New Zealand were down $15.3M as a result of a major contract loss and tight print markets.

EBIT (before significant items) for FY16 was $23.3M, 11.7% or $3.1M lower compared to $26.4M in the previous year. PMP New Zealand was down $2.6M as lower revenue trends from the first half continued into the second half of the year. At PMP Australia, continued tight cost controls, lower depreciation and cost-out initiatives absorbed much of the impact from lower heatset revenues and higher costs at Griffin Press, resulting in a slight reduction in EBIT (before significant items) which were broadly offset by lower Corporate costs.

Net Profit (after tax and significant items) for FY16 was $0.2M, down from $8.0M in the previous year due to higher significant items up $7.5M after tax (including the Dick Smith bad debt impairment and the fees associated with the termination of the old corporate bond).

Free cash flow remains a major feature of the PMP business model and is a key financial metric. Free Cash Flow for the year was up 5.7% on the previous year to $37.5M. The main influences on this result were better working capital outcomes, lower interest expense and reduced capital expenditure offsetting lower EBITDA (before significant items).

The company issued a new four-year $40M bond during the year, replacing a $50M bond which was redeemed in October 2015. The new bond has a more favourable coupon rate at 6.43% compared to 8.75% on the superseded facility, and it allowed the company to extend the term of the debt and to secure lower funding costs.

Industry conditions during the year were challenging with a higher than normal level of customer disruption. The retail industry continued to struggle with low levels of consumer confidence.

PMP prints many magazine titles, for both mass market and speciality markets

The focus has been on the generation of strong cash flows, the disciplined execution of cost-out initiatives and continued tight cost controls

Major retailers continue to actively seek the most effective advertising media mix, resulting in some unpredictability in anticipated printing demand. Pricing continued at depressed but stable levels through the year, resulting in some churn of sales contracts as competitors seek to lock in contracts to cover fixed overheads. The closure of Dick Smith also adversely impacted heatset and distribution sales. These factors have all been partially offset by some new contract wins and further cost savings.

Catalogue demand remained relatively stable and Roy Morgan research continues to confirm the effectiveness of catalogues. During FY16, the industry delivered 7.4 billion catalogues, down 2.3%, with 58% of the Australian population (aged 14 years+) reading and buying from a catalogue in the last seven days.

The company's bundled print and distribution offers continue to attract customers, particularly mid-tier companies who see the benefits of a total solution to their requirements.

Consolidation of the magazine distribution industry has now

- Industry conditions during the year were challenging with a higher than normal level of customer disruption. However, catalogue demand remained relatively stable and the company's bundled print and distribution offers continue to attract customers.
- Pricing continued at depressed but stable levels through the year.
- Griffin Press has responded to changing market conditions by installing a new world-first digital book printing platform.
- New Zealand had price pressures and lower print volumes, but distribution volumes were slightly up.
- The magazine distribution industry consolidated into Gordon & Gotch.
- PMP continues to be very focused on maintaining its position as an efficient printer and distributor, and to be financially robust.

Sales Revenue $M	2016	2015	Var $	Var %
PMP Australia	334.6	392.3	(57.6)	(14.7)
PMP New Zealand	135.6	150.9	(15.3)	(10.2)
Gordon & Gotch Australia	345.8	268.5	77.3	(28.8)
TOTAL GROUP	**816.0**	**811.7**	**4.3**	**(0.5)**

EBIT* $M	2016	2015	Var $	Var %
PMP Australia	16.5	18.1	(1.6)	(9.0)
PMP New Zealand	8.6	11.1	(2.6)	(23.0)
Gordon & Gotch Australia	2.3	3.0	(0.7)	(21.9)
Corporate	(4.1)	(5.9)	1.8	30.2
TOTAL GROUP	**23.3**	**26.4**	**(3.1)**	**(11.7)**

* Earnings before Finance Costs, Income Tax and Significant Items.

occurred with Gordon & Gotch contracting to undertake all Bauer Media's and other publishers' retail magazine distribution activities in Australia. These services had previously been undertaken by Bauer's own distribution division.

This was a major development for the year as Bauer is the largest magazine publisher in Australia and Gordon & Gotch is now established as the largest magazine distributor in Australia. Gordon & Gotch also signed a similar agreement with Bauer in New Zealand and are now also the largest distributor in the New Zealand market.

The new arrangements, which have been successfully integrated by Gordon & Gotch in Australia and New Zealand, are expected to generate around $300M of annual sales. Gordon & Gotch delivered a $77.3M uplift in sales for FY16.

The Australian book industry is now starting to reassert itself with readers returning to the printed book and volumes increasing.

The industry has changed fundamentally with publishers generally no longer undertaking extensive print runs and then warehousing titles until they are sold. Now publishers are ordering short print runs with quick turnaround times to meet actual real-time demand.

Griffin Press has responded to the change with the investment in a new world-first digital book printing platform at its premises in Adelaide. The commissioning of three new digital presses and associated finishing equipment has established the business as the largest digital book printer in Australasia.

This investment will enable Griffin Press to quickly produce short-run, on-demand books where publishers require a limited number of copies within tight timeframes.

The drive to further increase efficiency and drive out unnecessary costs continued during the year.

The development of a winning culture continued with greater acceptance of accountability and a total focus on delivering the best possible outcome for the customer. This cultural change is being embedded throughout the company and will deliver improved performance over time.

Strategic Direction

PMP continues to be very focused on maintaining its position as an efficient integrated printer and distributor in Australasia, and on continuing to be financially robust. The company is financially sound, delivering returns to shareholders and has been structured to operate efficiently. The company continues to view industry overcapacity as unsustainable and is determined to remain best placed to benefit from inevitable industry rationalisation. In the meantime we will continue with our disciplined approach and maximise returns to shareholders.

Catalogue demand remained relatively stable and research continues to confirm the effectiveness of catalogues

2017 Priorities

We will continue to enhance our competitive strengths and focus on delivering acceptable returns for our shareholders. The consolidation of the magazine distribution industry is encouraging and the company remains optimistic that similar rationalisation will occur in the printing industry. We will continue our drive to increase efficiency, develop our culture, and maximise our cash generation.

PMP Australia

$M	2016	2015	Var %
Sales Revenue	**334.6**	329.3	(14.7)
EBIT†	**16.5**	18.1	(9.0)

- PMP Australia revenue at $334.6M is down $57.6M or 14.7%
- Distribution sales rose by 3.3%
- EBIT† at $16.5M is down $1.6M
- Griffin transitions to world class digital platform

Revenues for FY16 were 14.7% or $57.6M lower than the previous year. The main factors behind this were a customer moving to buy their own paper, the cessation of the Directories print contract, the loss of a major customer, and a customer going out of business. After adjusting for these factors, heat-set print sales fell by 4.8% or $9M. Distribution sales rose by 3.3%, from higher catalogue and newspaper deliveries.

EBIT† at $16.5M was down $1.6M, as the impact of lower heatset print sales volumes and higher costs at Griffin Press were mostly offset by tight cost controls, lower depreciation and further cost-out initiatives mainly in the print business.

†EBIT: Earnings before Finance Costs, Income Tax and Significant Items

PMP Australia

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

It is the market leader with access to printing plants and distribution centres in every State and Territory of Australia.

Products and Services

- Multi-channel content management
- Work flow solutions
- Image libraries and asset management
- Production and creative services
- On-site production studios
- Photography services
- Retail catalogues
- Magazines
- Newspapers
- Books
- Government and corporate documents
- Government material
- Unaddressed catalogue delivery
- Targeted catalogue delivery
- Newspaper delivery
- Product sample delivery market
- Retailers
- Marketing and advertising agencies and media buying agencies
- Newspaper, magazine & directory publishers
- Direct marketers and mail houses
- Corporate – financial services, telecommunications and utilities
- Government
- Fast moving consumer goods
- International and local book publishers

Gordon & Gotch (Australia) Magazine Distribution

The largest distributor of print and digital magazines in Australia

Products and Services

- In depth market knowledge and 164 years experience
- Established, strong retail relationships
- Sales and Market analysis
- Multi platform design and marketing services
- Bespoke Predictive Analytics
- Range and display management
- Distribution solutions to multiple retail channels including newsagents, grocery chain, petrol/convenience and specialty outlets
- Multi-platform, global digital distribution solution

MARKET

- Mailing House (NZ)
- Largest market share of Domestic Publishers
- Largest market share of International Publishers and Distributors
- Diverse category/product/country clients

Gordon & Gotch (Australia)

$M	2016	2015	Var %
Sales Revenue	**345.8**	268.5	28.8
EBIT*	**2.3**	3.0	(21.9)

- Gordon & Gotch revenue $345.8M up $77.3M pcp, helped by Bauer new contract volumes
- EBIT lower pcp as part year contribution from Bauer outweighed by full year lower volumes from existing customers
- looking at further logistics cost savings

Gordon & Gotch revenues were up $77.3M or 28.8% over the previous year as four months of revenues from the new Bauer Media contract and other publishers offset lower revenues from existing customers.

EBIT* (before significant items) of $2.3M for the period was down $0.7M as the impact of lower volumes on existing customers offset part year gains from the new Bauer contract. The Bauer transaction provides benefits as it insulates the Gordon & Gotch business from the impact of lower base business volumes and is slightly earnings accretive.

*Earnings Before Finance costs, Income Tax and Significant Items

The magazine distribution industry has consolidated into Gordon & Gotch

PMP New Zealand

$M	2016	2015	Var %
Sales Revenue	**135.6**	150.9	(10.2)
EBIT*	**8.6**	11.1	(23.0)

- PMP New Zealand EBIT* at $8.6M is $2.6M lower pcp;
  - EBIT down due to loss of major publishing contract (heatset and sheetfed), partially offset by additional retail contracts and cost reductions
  - continued price pressure across both heatset and sheetfed – sell price down 7% offset by further cost-out initiatives and tight cost controls
  - distribution volumes up 1.9%

PMP New Zealand is the largest commercial printing company in New Zealand with facilities in both Auckland and Christchurch providing a national footprint. As a modern print media business, PMP offers a wide range of services upstream and downstream of print to deliver fully integrated supply chain solutions to a wide range of clients.

EBIT (before significant items) of $8.6M, was down $2.6M or 23.0% on the previous year. This was mainly due to a 12% fall in sheetfed sales from a major contract loss, lower selling prices in heatset print and lower magazine print volumes. This was partially offset by a 1.9% rise in distribution volumes and a 2% increase in catalogue print volumes. Further cost savings were achieved across the business.

*Earnings Before Finance costs, Income Tax and Significant Items

PMP New Zealand

The leading commercial print group in New Zealand

Products and Services

TARGET

- Audience profiling

CREATE & OPTIMISE

- Pre-press design and page build
- Segmentation and mapping

PRINT

- Web, Sheetfed and Digital print capabilities
- Magazines, Catalogues, Newspapers, Directories, Corporate and Government Financial Documents, Books, Stationery

DISTRIBUTE

- Mail house
- Nationwide unaddressed catalogue distribution
- Newspaper delivery
- Product Sample delivery
- Retail distribution for magazine publishers

MARKET

- National and local retailers
- Magazine, Newspaper & Directory publishers
- Corporate and Financial Services
- Government, national and local
- International and local book publishers
- Real Estate and SME's
- Marketing, advertising & media buying agencies

PMP New Zealand is a modern print media business

Griffin Press Goes Digital

The Australian book printing industry has changed dramatically over the past few years. The old book publishing model saw books being printed in bulk, often overseas, and then shipped in and stored in warehouses until required by bookshops around the country. Inevitably not all copies were bought and these tended to end up being sold cheaply by bookshops as “remainders”.

In today’s world, e-books are available immediately, as long as you have a tablet reader or other device. With no printing needed, there is minimal cost to deliver the content and no wastage.

However, the digital book market appears to have plateaued with signs that readers are beginning to return to the printed word. Anecdotally people are saying that, when they read for pleasure, they miss the feel and texture of a book. Also there are situations where reading a book is much easier than a tablet, which means that there is still a steady demand for printed books, particularly novels.

Only a few copies of a title may be required to meet real time consumer requests, but they are needed within a few days. At Griffin Press, the country’s largest read-for-pleasure book printer, the majority of its orders are for under 1,000 copies of a title. Orders can be as low as one copy of a title.

This type of printing of small orders in tight timeframes, does not suit the large conventional printing presses as cost would make the price of the finished product prohibitive and it would be difficult if not impossible to meet the very short time constraints. This has necessitated the world of digital printing.

Now publishers are able to print their books only in the quantity required and only when they are needed.

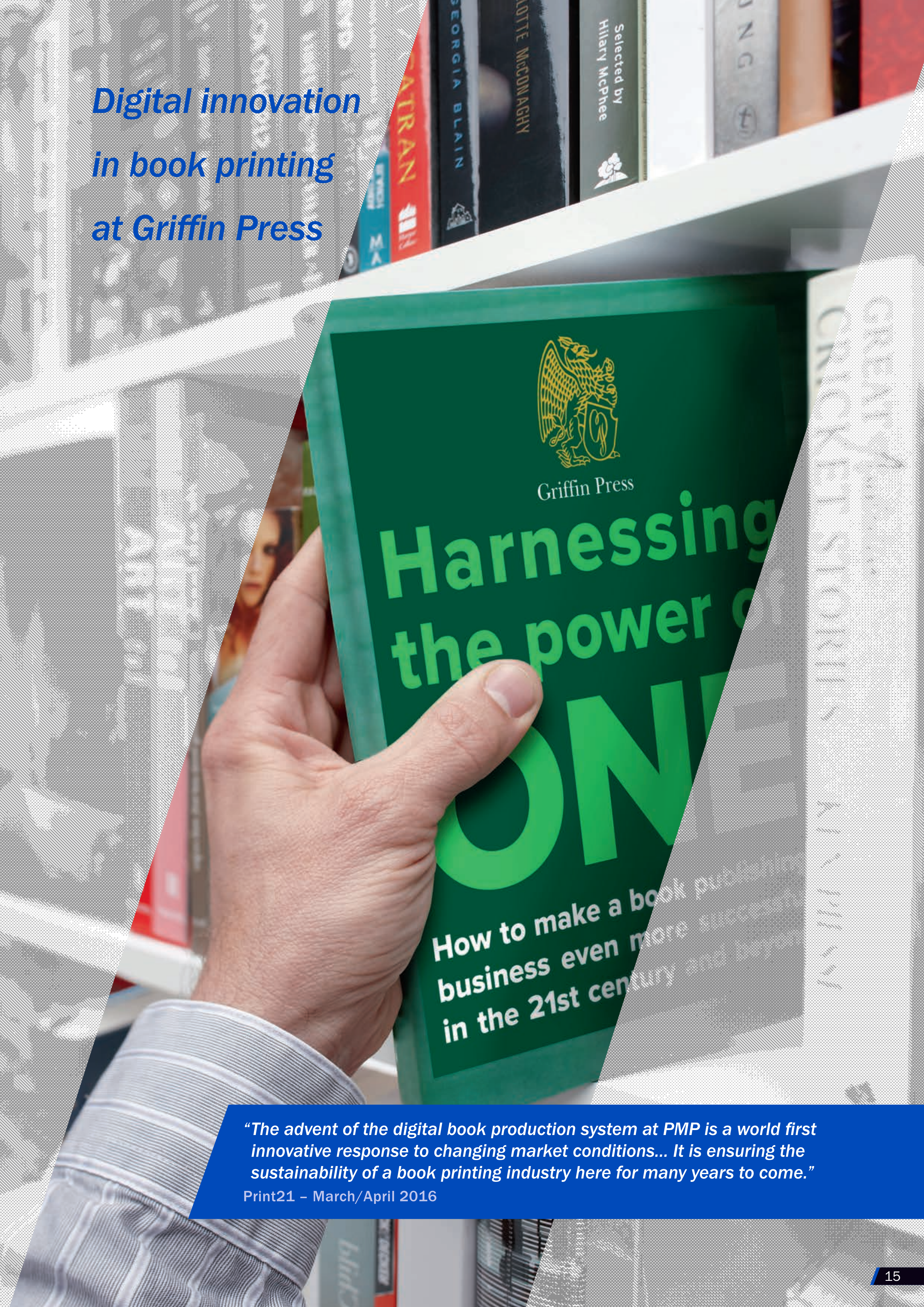
Griffin Press has been using digital presses to print the text blocks (the book pages) for several years, but covers still needed to be printed on conventional equipment due to the complexities of embellishments such as foiling, spot varnishing etc. These features are important to help make the book stand out. However conventional cover preparation is slow and severely reduces the turnaround time for the full job.

To achieve streamlined production, Griffin Press has now installed a fully digital printing and cover production facility. The text blocks are printed on one line while the cover is being digitally printed on a parallel line, complete with multi-colours and embellishments. Then the two components are brought together to form the finished product. This solution is a first for Australasia and it means that turnaround times will be substantially reduced and volume capacity will be greatly increased. Griffin Press was producing 5.5 million books digitally a year, whereas now the capacity is around 14 million books per annum.

The real benefit from this project will be in improved DIFOT (delivery in full, on time) for our customers and the ability to attract new customers to the new digital capability.

New technology at Griffin Press allows short print runs with high-end embellishments.

Digital innovation in book printing at Griffin Press



"The advent of the digital book production system at PMP is a world first innovative response to changing market conditions... It is ensuring the sustainability of a book printing industry here for many years to come."

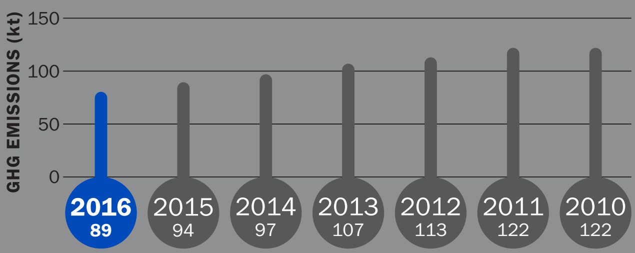
Print21 – March/April 2016

PMP meets its environmental responsibilities

PMP supports responsible forestry and recycles 99% of printing waste

Greenhouse Gas (GHG) Emissions

PMP Print's year on year Greenhouse Gas (GHG) emissions reduced by a further 5% in FY16, taking the total reduction since 2008 to 39%. PMP will continue to pursue energy efficiency measures across all businesses to further reduce our overall emissions.



	FY16	FY15	Var %
Print AU	147.3	166.6	(11.6)
Print NZ	38.3	40.0	(4.2)
Print Tonnes*	**185.6**	**206.6**	**(10.2)**
Distribution AU	2,423.1	2,348.4	3.2
Distribution NZ	630.6	619.1	1.9
Distribution Units#	**3,053.7**	**2,967.5**	**2.9**
Gordon and Gotch AU	165.0	126.9	30.0
Gordon and Gotch NZ	11.6	11.4	1.7
Gordon & Gotch Copies#	**176.6**	**138.3**	**27.7**

*thousands #millions

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.

PMP continues to support responsible forestry through its chain-of-custody program, 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 Greenhouse and Emissions
- National Pollutants Inventory
- National Environmental Indicators Survey.

PMP has developed an environmental procurement policy which ensures that environmental criteria are embedded in the procurement process.

PMP Print's year on year Greenhouse Gas (GHG) emissions reduced by a further 5% in FY16, taking the total reduction since 2008 to 39%. PMP will continue to pursue energy efficiency measures across all businesses to further reduce our overall emissions.

Safety

	2016	2015	2014
SIFR*	16.3	16.8	23.5

*Significant Injury Frequency Rate

The company recorded a slight increase in the Lost Time Injury Frequency Rate (LTIFR) performance from 5.5 occurrences per million man hours worked to 5.9 in FY16. This was a function of lesser man hours worked rather than a deteriorating safety performance.

While LTIR is the accepted industry measurement standard, the company has adopted Significant Injury Frequency Rate (SIFR) as its internal key safety performance indicator. This metric has the advantage of not only including lost time injuries but also restricted work injuries and medically treated injuries.

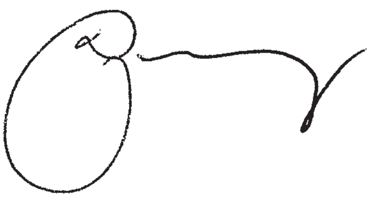
The company's SIFR dropped from 16.8 in FY15 to 16.3 in FY16.

PMP continued its efforts to increase workplace safety through a variety of approaches. The "Lifesaver" educational initiative was refreshed during the year to ensure it remains relevant to the workforce in encouraging safety behaviours and responsibility.

The company also maintained its accreditation for Advanced SafetyMAP®, a recognised safety management system which is operating company-wide and which is independently audited.

Thanks

As always we recognise that the success of PMP over the past few years is as a result of the hard work and dedication of our loyal team of employees. This industry is constantly throwing up new challenges which our team have never failed to surmount. On behalf of management I say thank you. I also thank our shareholders, customers and suppliers for their ongoing support.



Peter George *MANAGING DIRECTOR AND CEO*

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 2016 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 56*

Mr Bickford-Smith has been an independent Non-Executive Director of PMP since 2009 and has been Chairman of the Board of Directors since 2012. He has been a member of the Audit and Risk Management Committee since 2010 and a member of the Appointments and Compensation Committee from 2009 and was the Chairman of that Committee until 31 March 2016.

Mr Bickford-Smith is also a Director of Eastern Agricultural Australia. Mr Bickford-Smith was previously Chief Executive Officer of Ridley Corporation Limited from 2000 to 2007. He was previously with the Man Group and was Managing Director of the Australian operations from 1996 to 2000.

Mr Bickford-Smith has extensive commercial experience within finance, manufacturing, risk management and strategy.

Peter George

B Com, LLB

- *CEO and Managing Director*
- *Appointed 22 October 2012*
- *Age 63*

Mr George was first appointed to the Board in 2001 and has held Board or management positions since. He has been the Managing Director and Chief Executive Officer since October 2012.

Mr George was also a Non-Executive Director of Asciano Ltd from 2007 to August 2016. He was also Executive Director, Strategy and Policy Development Cable and Wireless at Optus Ltd from 1998 to 2001, and the Executive Chairman of Nylex Limited from 2006 to 2008.

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.

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 & Experience

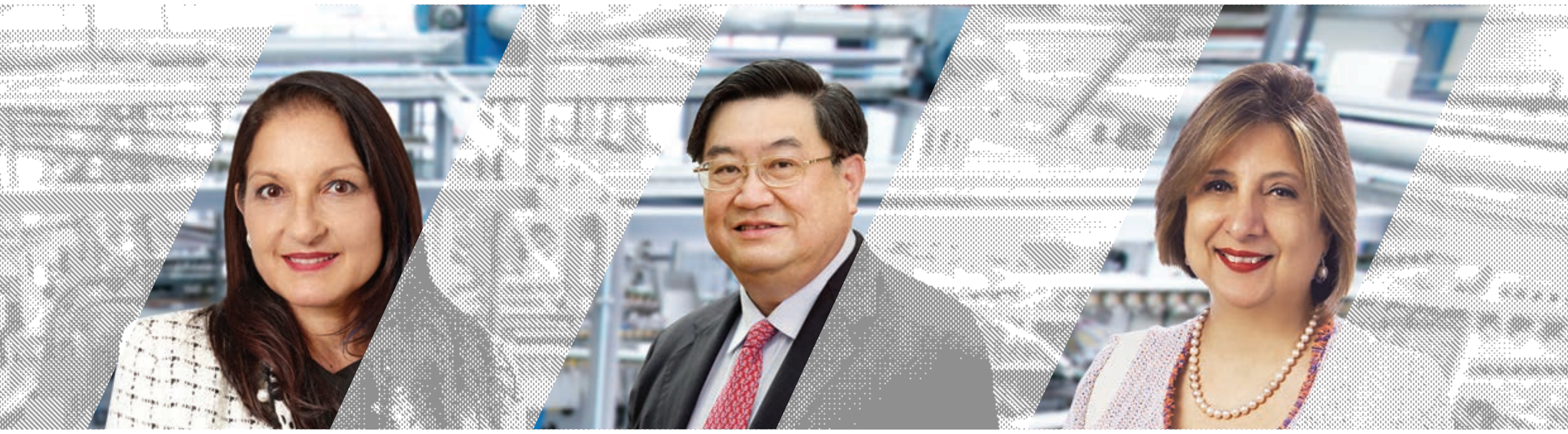
Alistair Clarkson (B Com, LLB, MBA, ACIS, GradDipACG).

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. He is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Mr Clarkson holds a Bachelor of Commerce, a Bachelor of Laws, a Masters of Business Administration 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.



Naseema Sparks
AM, BPharm, MBA, GAICD

- *Non-Executive Director*
- *Appointed 17 August 2010*
- *Age 63*

Ms Sparks has been an independent Non-Executive Director and member of the Appointments and Compensation Committee since August 2010. She became Chairman of the Appointments and Compensation Committee on 1 April 2016.

Ms Sparks is currently a Director of Grays e-Commerce Group Ltd, Australian Vintage Ltd, Melbourne IT Limited, Ingogo and AIG. Ms Sparks is also a trustee of Sydney Living Museums (Historic Houses Trust of NSW). 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 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 and marketing industries.

Anthony Cheong
FCA (Singapore)

- *Non-Executive Director*
- *Appointed 4 March 2014*
- *Age 61*

Mr Cheong has been a Non-Executive Director and member of the Audit and Risk Management Committee since March 2014.

Mr Cheong is an Associate of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Singapore Chartered Accountants.

Mr Cheong is the Company Secretary for Fraser and Neave Limited, the holding Company for the Fraser and Neave group and holds directorships on various Fraser and Neave subsidiaries, associates and joint venture entities including Fraser and Neave Berhad on the BURSA Malaysia.

Mr Cheong has more than 27 years of varied financial and corporate experience in the packaging, property, printing, publishing, retail and education sectors.

Dhun Karai
B Comm, MBA, MAICD

- *Non-Executive Director*
- *Appointed 1 June 2016*
- *Age 56*

Ms Karai joined PMP on 1 June 2016. Ms Karai is also a member of the Audit and Risk Management Committee. She was appointed Chairman of the Audit and Risk Management Committee on 26 August 2016.

Ms Karai's experience spans over 20 years in senior executive roles in financial services and audit and risk management, initiating major transformational projects in Australia, New Zealand and the UK. Ms Karai held the position of Chief Manager Personal Markets with the Commonwealth Bank and her recent role was for over ten years as the Head of Group Financial Services at Woolworths Limited.

Ms Karai's other directorships have included being a Non-Executive Director of eftpos Payments Australia Limited and Indian financial services company, GI Technology Private Limited. Her committee memberships have included the Australian Payments Council, the National Financial Literacy Program and the International Merchants Advisory Group (USA).

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:

	M Bickford-Smith	P George	N Sparks	A Cheong	D Karai <b>	P Margin
Board of Directors						
Attended	11	11	11	11	1	10
Maximum possible attended	11	11	11	11	1	11
Audit & Risk Management						
Attended	4	<a>	<a>	4	1	4
Maximum possible attended	4	<a>	<a>	4	1	4
Appointment & Compensation						
Attended	3	<a>	3	<a>	<a>	<a>
Maximum possible attended	3	<a>	3	<a>	<a>	<a>

Table 1. Directors Meetings.

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

<b> D Karai appointed a member of the Board of Directors and the Audit and Risk Management Committee on 01/06/16.

Peter Margin
BSc (Hons), MBA

- *Non-Executive Director*
- *Appointed 30 January 2012*
- *Completion 25 August 2016*
- *Age 56*

Mr Margin has been an independent Non-Executive Director since January 2012 and Chairman of the Audit and Risk Management Committee since March 2012. Mr Margin retired from the Board on 25 August 2016.

Mr Margin is a Non-Executive Director of Nufarm Ltd, Bega Cheese Ltd, Huon Aquaculture Ltd, Pact Group Ltd, Costa Group Holdings Ltd and was also a director of Ricegrowers Ltd from September 2012 until August 2015.

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.

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 to accord with the best practice recommendations set by the ASX Governance Council's Corporate Governance principles and recommendations ("ASX Principles") where practicable. The following table indicates where specific ASX principles are dealt with within this Statement and that PMP has followed the recommendations other than recommendations 1.5, 2.1 and 8.1.

Recommendation		Section Reference
Principle 1: Lay solid foundations for management and oversight		**Location**
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	5.1 "Board Charter"
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	5.1 "Director appointment, training and continuing education"
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	5.1 "Director appointment, training and continuing education"
1.4	The Company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	3 & 5.1 "Company Secretary - Qualifications & Experience" "Board access to information and independent advice"
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	5.5 "Diversity Policy" (Refer 5.5 for reasons for departure from Recommendation)
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	5.1 "Board Performance Evaluation"
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	7.4 "Senior Executive Performance Evaluation"

Recommendation		Section Reference
Principle 2: Structure the Board to add value		
2.1	The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	5.2 "Appointments and Compensation Committee" (Refer 5.2 for reasons for departure from Recommendation)
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	5.1 "Board Composition and Membership"
2.3	A listed entity should disclose: (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each director.	1. and 5.1 "Directors" and "Board Independence"
2.4	A majority of the Board of a listed entity should be independent directors.	1. and 5.1 "Directors" and "Board Independence"
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	5.1 "Chairman"
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	5.1 "Director appointment, training and continuing education"
Principle 3: Act ethically and responsibly		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	5.5 "Code of Conduct"
Principle 4 - Safeguard integrity in corporate reporting		
4.1	The Board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	5.2 "Audit and Risk Management Committee"
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	5.3 "Management Representation"
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	5.4 "Investor Relations"

Recommendation		Section Reference
Principle 5 - Make timely and balanced disclosures		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	5.5 "Disclosure and Shareholder Communication Policy" and on the Website
Principle 6 - Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	5.5 "Disclosure and Shareholder Communication Policy" and on the Website
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	5.4 "Investor Relations"
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	5.4 "Investor Relations"
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	5.4 "Investor Relations" and on the Website
Principle 7 - Recognise and manage risk		
7.1	The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	5.2 "Audit and Risk Management Committee"
7.2	The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	5.3 "Risk Management Framework"
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	5.3 "Internal Audit"
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.	6.7 "Risks, Likely Developments and Future Prospects"

Recommendation		Section Reference
Principle 8 - Remunerate fairly and responsibly		
8.1	The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	5.2 "Appointments and Compensation Committee" (Refer 5.2 for reasons for departure from Recommendation)
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other senior executives.	7.3 "Remuneration Structure" 7.6 "Chief Executive Officer ("CEO")" 7.8 "Non-Executive Director Remuneration"
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	7.3 "Long terms Incentives ("LTIs")"

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 six Directors, being; the Non-Executive Chairman, the Managing Director/Chief Executive Officer and four other Non-Executive Directors.

The roles of Chairman and Managing Director 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.

BOARD CHARTER

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 ("CEO") and ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer ("CFO") 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 CEO 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; and
- 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. When considering appointments, 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.

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.

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	Extent of representation
Matthew Bickford-Smith	Finance Strategy Manufacturing Risk Management	Board Audit and Risk Management Committee Appointments and Compensation Committee
Peter George	Finance Strategy Transformation Telecommunications Corporate Finance	Board
Naseema Sparks	Strategy Digital analytics Top line growth Business transformation Org. culture & performance	Board Appointments and Compensation Committee
Anthony Cheong	Finance Publishing Printing Retail	Board Audit and Risk Management Committee
Dhun Karai	Finance Risk Management Business Transformation Digital and Data Analytics Retail Strategy	Board Audit and Risk Management Committee
Peter Margin	Finance Strategy Manufacturing and Logistics Marketing Retail	Board Audit and Risk Management Committee

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.

When a Director stands for re-election, the Company will provide such information as is necessary to allow the shareholders to make an informed decision around the directors appointment including: biographical details and their relevant qualifications and experience and the skills they bring to the Board; details of any other material directorships currently held by the candidate; the term of office currently served by the director; if the Board considers the director to be an independent director, a statement to that effect; and a statement by the Board as to whether it supports the election or re-election of the candidate.

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, and currently does not intend to use an external facilitator to undertake performance assessments.

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 considers the factors relevant to assessing independence consistent with the ASX 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

Before the appointment of any Director the Company undertakes, with the consent of the candidate, appropriate checks in relation to the potential Director's character, experience, education, criminal record and bankruptcy history. The Appointments and Compensation Committee will also seek from the candidate details of his or her other commitments and an indication of time involved with those commitments, and acknowledgement that he or she will have sufficient time to fulfil his or her responsibilities as a Director.

When a Director stands for election for the first time, the Company will require such information as is necessary to allow the shareholders to make an informed decision around the Directors appointment including: biographical details, including their relevant qualifications and experience and the skills they bring to the Board; details of any other material Directorships currently held by the candidate; any material adverse information revealed by the checks the Company has performed about the Director; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally; and if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect.

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. This includes amongst other things 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 are called when 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 2016 financial year and attendance at those meetings are set out on page 19 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
- Dhun Karai*

Attendance

Committee Member	Meetings attended
P Margin^ (Chairman)	4 (out of a possible 4)
M Bickford-Smith	4 (out of a possible 4)
A Cheong	4 (out of a possible 4)
D Karai*	1 (out of a possible 1)

^ Retired on 25 August 2016.

* Appointed a member of the Board and Audit and Risk Management Committee on 1 June 2016. Appointed Chairman of the Audit and Risk Management Committee on 26 August 2016.

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:

- Naseema Sparks (Chairman)
- Matthew Bickford-Smith

Attendance

Committee Member	Meetings attended
N Sparks (Chairman)*	3 (out of a possible 3)
M Bickford-Smith*	3 (out of a possible 3)

* Naseema Sparks appointed Chairman on 1 April 2016. Matthew Bickford-Smith resigned as Chairman on 31 March 2016.

COMPOSITION

The Charter provides that the Committee may only comprise Non-Executive Directors. Despite the Committee only comprising of two members, the Board believes the committee is of sufficient size and independence to discharge its mandate effectively when taking into account the size of the Board and the size and organisational structure of the Company. The committee's members and their record of attendance in the last financial year are set out below and 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, 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 the Company.

5.3 Risk Management

PMP believes that shareholder value is driven by taking considered risks, and that effective risk management is fundamental to achieving the 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.

The CEO meets at least quarterly with the CFO and divisional managers to oversee the implementation and effective operation of the systems of internal controls and risk management, and to review 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.

The risk management framework is reviewed by the Audit and Risk Management Committee, with the last review being undertaken at the February committee meeting.

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 4.2 of the ASX Principles.

Based on the questionnaires, the Board has received written assurance from the CEO and the CFO 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 auditors conduct a series of audits based on a plan agreed with management 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; and
- Fluctuations in demand volume and the effect of consumer confidence on retail marketing.

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 an exhaustive list.

Risks are considered from an economic, environmental and social sustainability perspective with management plans developed to address these risks.

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 continues to implement initiatives to drive improvement. The 2016 financial year saw the continuation of the SafetyMAP® certification for the Australian business and the retention of tertiary status within the NZ Accident Compensation Corporation for the NZ business. During the year, the Lost Time Injury Frequency Rate (LTIFR) increased slightly from 5.5 occurences per million man hours to 5.9 in FY16. This was a function of lesser man hours worked rather than a deteriorating safety performance.

The Company continues to utilise a more inclusive reporting metric for injuries (Significant Injury Frequency Rate), with a focus on positive performance indicators. During the year, the Significant Injury Frequency Rate has decreased from 16.8 to 16.3. The positive performance indicators have included a continued focus on hazard reporting. Hazard reporting has been supplemented by campaigns addressing specific risks such as manual handling, electrical safety, mobile plant equipment safety and chemical management. PMP continues to utilise its own positive safety behavioural standard ("LifeSavers") which has assisted in achieving an overall injury reduction across the company.

5.4 Investor Relations

PMP engages its shareholders at its AGM, providing investor presentations following the full year and half-year results, and upon request. The investor presentations are lodged with the ASX and the contents of those presentations are available from the Company's website.

PMP facilitates participation at shareholder meetings by arranging for the meetings to be at convenient times and locations, and provides for direct voting to allow shareholders to vote ahead of the meeting without having to attend, or to appoint a proxy. The Chairman at the AGM provides reasonable time for shareholders to ask questions or make comments on the management of the Company. The Company's external auditor attends the AGM.

PMP provides its shareholders with the option to receive and send communications electronically to the Company and its share registry.

5.5 Governance Policies

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 blackout periods are:

a. the period from 1 January through to the day half-year results are announced (including the day half-year results are announced);
b. the period from 1 July 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 CEO, CFO 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 that is required to be disclosed to the market, be communicated to the ASX immediately and 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 CEO.

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;
- 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, 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 engineers in 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.

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

Board of Directors	33%
PMP Executive Management Team	20%
PMP Group Employees	29%

* 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 2016 was a $0.2 million profit (2015: $8.0 million profit).

6.4 Dividends

Dividends paid to members during the financial year were as follows:

	2016 $000	2015 $000
Final dividend for the year ended 30 June 2015 of 1.8 cents, 50% franked paid on 6 October 2015	5,873	–
Interim dividend for the year ended 30 June 2016 of 1.2 cents, unfranked paid on 6 April 2016	3,842	–
	9,715	–

6.5 Review of Operations

For a full report on operations for the FY16 year, see the CEO's Review on pages 8 to 17 of this Annual Report.

In summary, FY16 EBIT (before significant items) at $23.3 million fell by $3.1 million or 11.7% compared to $26.4 million in the prior year with PMP New Zealand down $2.6 million on a $15.3 million sales fall after the loss of a major publishing contract which impacted sheetfed revenues (down 12%) and lower heat-set sell prices. Lower EBIT (before significant items) at PMP Australia and Gordon & Gotch was mostly offset by reduced corporate costs.

The fall in EBIT (before significant items) was largely offset by a reduction in interest expense so earnings before tax (and significant items) was broadly in line year on year. Net profit after tax (and significant items) for FY16 fell from $8.0 million to $0.2 million due to a $7.5 million increase in post tax significant items (mainly due to the Dick Smith receivable impairment and the fees associated with the termination of the old corporate bond).

Similar to FY15, a further phase of transformation took place with headcount and other saving across the business but mainly at the print sites.

Sales at PMP Australia at $334.6 million were $57.6 million or 14.7% lower. The main factors behind this was the final flow through of a major print customer deciding to buy their own paper $25 million, a major contract loss $13 million, the final cessation of Directories print contract $8 million and Dick Smith ceasing business $6 million. Distribution sales were up 3.3%.

PMP Australia's EBIT (before significant items) was down from $18.1 million last year to $16.5 million in FY16 as the impact of lower heat-set print volumes and higher costs at Griffin Press were mostly offset by tight cost controls, lower depreciation and further cost-out initiatives mainly in the print business.

During the year, Griffin Press responded to the change in consumer and publisher demand with the commissioning of three new digital presses and associated finishing equipment to become the largest digital book printer in Australasia. While the $3.2 million of operating leases per annum are expected to initially be cost neutral, operational cost savings of $1 million are expected as the remaining conventional printing is undertaken digitally.

Gordon & Gotch Sales were up by $77.3 million or 28.8% on the previous corresponding period ("pcp") as 4 months of revenues from the Bauer contract and other publishers (following closure of Network) offset lower revenues from existing customers. EBIT (before significant items) of $2.3 million was $0.7 million lower pcp as the impact of lower volumes from existing customers offset part year gains from the new Bauer contract. Gordon & Gotch also entered into a similar agreement with Bauer in New Zealand commencing in FY17.

PMP New Zealand EBIT (before significant items) of $8.6 million was down $2.6 million or 23.0% year on year mainly due to a 12% fall in sheetfed sales from a major publishing contract loss, lower sell prices in heat-set print and lower magazine print volumes. This was partially offset by a 1.9% rise in distribution volumes and a 1.8% increase in catalogue print volumes. Further cost savings were achieved.

Free cash flow defined as EBITDA (before significant items) less interest paid, tax, capital expenditure and movement in working capital at $37.5 million was up $2.0 million compared to $35.5 million in FY15 as lower interest payments, better working capital movements and reduced capital expenditure offset lower EBITDA (before significant items). Cash flow from Operations at $32.0 million was $1.1 million lower as better working capital outcomes and lower interest expense was offset by higher significant items and lower EBITDA (before significant items).

The company had a Net Cash position of $0.7 million.* Net cash flow before capital management for FY16 was $30.9

million with $13.9 million used for capital management initiatives and the balance to reduce financial indebtedness. As a result the Company's net debt to EBITDA (before significant items) of 0.0x has decreased from 0.3x in the prior year and interest cover of 8.5x is up from 6.5x.

In FY16, the company issued a new corporate bond for $40 million and repaid the original $50 million bond. This extended tenor to 2019 and enabled the company to secure a lower interest coupon.

* Net cash $0.7M = $54.1M cash - $40M Bond - $16.3M Euro loan + $2.9M Cross Currency Swap revaluation (refer note 13(e)). Excludes prepaid finance costs.

6.6 Significant Changes in the state of affairs

In September 2015, the company announced the issue of an unsecured $40 million corporate bond. The bond has a fixed coupon of 6.43% per annum and a four year term. The proceeds were used to redeem the company's existing $50 million corporate bond in October 2015.

On 17 September 2015, PMP announced its intention to undertake an on-market buy-back from 23 November 2015 to 30 June 2016. The maximum number of shares that could be bought back would equate to $8.1 million. During this period 8,095,974 shares were bought back which equated to $4.1 million.

On 13 January 2016, Gordon and Gotch entered into an agreement with Bauer Media to provide the retail magazine distribution activities provided by its Australian and New Zealand distribution divisions following Bauer Media's decision to close these divisions. The agreement is for a term of 5 years.

6.7 Risks, likely developments and future prospects

PMP's business segments are in printing and distribution of publications including catalogues, magazines, and books. 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 27, 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; the availability and cost of raw inputs and fluctuations in demand volume.

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. Print industry volumes and heat-set prices are more stable and the value of catalogues for retailers has been validated. The Company has a higher degree of confidence in the outlook for the business and therefore increased confidence in its ability to generate strong sustainable free cash flows and subject to market conditions expects this strong cash flow performance to continue for the foreseeable future.

The Company continues to review its cost base to recognise the maturity of this industry. It has reduced financial risk by prioritising 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 the mass market.

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 and the National Pollution Inventory report.

6.9 Share issues

As at 25 August 2015, following the announcement of the result to 30 June 2015 to the ASX, the performance rights issued in October 2012 to the CEO and eligible executives under the PMP Long Term Incentive Plan were exercised. Half of the vested rights were cash settled and half were settled via the issue of 2,486,565 shares. The shares were subject to a 6 month holding lock.

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 and related advisory services. The following non-audit services were provided during the 12 months to 30 June 2016:

Description of non-audit services <a>	Australia $	New Zealand $
- Taxation and related advisory services	91,350	56,445
	91,350	56,445

<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 41.

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

Since the balance date, the Directors have declared a final dividend of 2.4 cents per fully paid ordinary share, unfranked. The aggregate amount of the proposed dividend expected to be paid on the 7 October 2016, but not recognised as a liability at 30 June 2016, is $7.7 million.

Other than the matter raised above, 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 Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company, nor have any applications been made in respect of the Company under section 237 of the Corporations Act 2001.

6.16 Rounding of amounts

The company is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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 (refer Section 7.7) 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; and
- Linking long term incentives (including rights) to shareholder value measures and performance hurdles.

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's 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 Significant 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 Appointments and Compensation Committee are discussed on page 26. 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"), to some senior managers.

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.

Whilst these incentives are linked to EBIT and other performance goals each financial year, the Committee additionally can impart conservative measures in restricting incentives and invoking salary freezes to support short term business goals.

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 and CEO's accommodation as discussed in this report.

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 is generally between 25% to 50% of their TEC. The STI is dependent on achieving a number of targets. For eligible personnel, the targets are generally allocated between:

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

At least 90% of Budgeted EBIT is required to be achieved before the Appointments and Compensation Committee may consider whether any STI payment can be made ("EBIT hurdle"). The personal objectives align individual behaviours with Company strategy. The targets are set by the CEO in consultation with the Appointments and Compensation Committee.

Results above the target goal will not increase the incentive payment above the STI percentage, unless authorised by the CEO. As a general rule, there are no discretionary bonuses outside the STI program with any exceptions required to 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. No STI's were paid in FY16 as the EBIT hurdle was not achieved.

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 which (subject to some exceptions) is at the end of the third financial year after the performance rights are granted, 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 2.

LTIs – PERFORMANCE RIGHTS

The performance rights issued under the PMP LTI Plan are due to be tested at the First Exercise Date in each year, which is when the Company gives the ASX the Appendix 4E (the preliminary final report).

As at 25 August 2015, following the announcement of the result to 30 June 2015 to the ASX, the performance rights issued in October 2012 to the CEO and eligible executives under the PMP Long Term Incentive Plan were exercised. The Company's performance relative to the Total Shareholder Return ("TSR") hurdle, was such that the Company outperformed the 75th percentile when measured against the peer group and accordingly 2,841,787 TSR rights (including 1,050,000 CEO performance rights) vested. The Company's performance relative to the Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") hurdle was such that the Company achieved 95% of the target EBITDA over the three years. The target EBITDA was set at $204 million and where the company achieved between 80 to 110% of the target EBITDA, 50 to 100% of the rights vest pro rata. This resulted in 75% of these rights, being 2,131,340 vesting (including 787,500 CEO performance rights). Half of the performance rights were cash settled and half were settled via the issue of shares that were subject to a six month holding lock.

Under the PMP LTI Plan those senior managers that were awarded performance rights in 2013, and continue to be eligible at the First Exercise Date, may exercise such rights that vest after this date. These rights are subject to TSR and EBITDA hurdles. The Company's performance relative to the TSR hurdle for the performance rights issued in 2013, was such that the Company outperformed the 75th percentile when measured against the peer group and accordingly all those performance rights that are subject to the TSR hurdle are capable of vesting. The Company's performance relative to the EBITDA hurdle for the performance rights issued in 2013, was such that the Company achieved 95% of the Target EBITDA over the three years. The Target EBITDA was set at $181.2M and the Company made $172.7M. This has resulted in 75% of those performance rights being capable of vesting. The Company will issue shares to settle the vested performance rights. The shares will be subject to the usual clearance procedures before any sale.

The Executive Share Purchasing Policy prohibits executives from hedging pre-vested awards under the PMP LTI plan.

LTIs - PERFORMANCE CONDITIONS

Table 2 summarises the Key Management Personnel LTIs, including their performance conditions and achievement assessment methods.

Performance rights: Issued 1 October 2012, Expiring 31 August 2017	
Rights	Rights - $544,282*. CEO/MD, EMT and Senior Managers.
Performance Hurdles	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 ("TSR")** PMP's TSR over the three year period comprising financial years 13, 14 and 15 was measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities (excluding entities in the metals and mining and materials indexes). If a rank of less than the 51st percentile was achieved nil vest, if a rank of between the 51st and 75th percentile was achieved 50-100% of rights vest and if a rank of greater than 75th percentile was achieved 100% vest. **Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")** PMP's EBITDA over the three year period comprising financial years 13, 14 and 15 was measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBTIDA range. The Board retains discretion to exclude from the calculation of EBITDA significant restructuring costs or rationalisations.
Assessment Method	Determined on TSR and EBITDA result for FY13, FY14 and FY15.
Vesting	88% vested on 25 August 2015.

Performance rights: Issued 1 October 2013, Expiring 31 August 2018	
Rights	Rights - $832,453*. EMT and Senior Managers.
Performance Hurdles	The performance hurdles are: TSR and EBITDA. 50% of rights granted are to be subject to each hurdle. **TSR** 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 (excluding entities in the metals and mining and materials indexes). 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 was pro rated based on a target EBTIDA range. The Board retains discretion to exclude from the calculation of EBITDA significant restructuring costs or rationalisations.
Assessment Method	Will be determined on TSR and EBITDA result for FY14, FY15 and FY16.
Vesting	88% vested on 29 August 2016.

Performance rights: Issued 1 October 2014, Expiring 31 August 2019	
Rights	Rights - $0. EMT and Senior Managers.
Performance Hurdles	The performance hurdles are: TSR and EBITDA. 50% of rights granted are to be subject to each hurdle. **TSR** PMP's TSR over the three year period comprising financial years 15, 16 and 17 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities (excluding entities in the metals and mining and materials indexes). 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 15, 16 and 17 is measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBTIDA range. The Board retains discretion to exclude from the calculation of EBITDA significant restructuring costs or rationalisations.
Assessment Method	Will be determined on TSR and EBITDA result for FY15, FY16 and FY17.
Vesting	N/A

Performance rights: Issued 1 October 2015, Expiring 31 August 2020	
Rights	Rights - $0. CEO/MD, EMT and Senior Managers.
Performance Hurdles	The performance hurdles are: TSR and EBITDA. 50% of rights granted are to be subject to each hurdle. **TSR** PMP's TSR over the three year period comprising financial years 16, 17 and 18 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities (excluding entities in the metals and mining and materials indexes). 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 16, 17 and 18 is measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBTIDA range. The Board retains discretion to exclude from the calculation of EBITDA significant restructuring costs or rationalisations.
Assessment Method	Will be determined on TSR and EBITDA result for FY16, FY17 and FY18.
Vesting	N/A

Table 2. LTI Performance Hurdles and Assessment Methods.
* Calculated in accordance with AASB 2.

2016		Fixed annual remuneration <a>	Non monetary benefits <b>	STI <a>	Total	Performance related remuneration
		$	$	$	$	%
P George	CEO and MD	600,000	72,855	—	672,855	0%
J Nichols	Chief Operating Officer	380,000	—	—	380,000	0%
G Stephenson	Chief Financial Officer ("CFO")	475,000	—	—	475,000	0%
S Ellis	MD - PMP (NZ) Limited <c>	29,347	—	—	29,347	0%

Table 3. Take home pay of the Executive Director and continuing Executives for the year ended 30 June 2016.

<a> Fixed annual remuneration based on current gross salary package, which includes base salary, annual leave and superannuation contributions. No STI for the 2016 financial year as the EBIT hurdle was not achieved.

<b> P George salary includes non monetary benefits (inclusive of all applicable taxes) of $72,855 for accommodation as discussed in section 7.6.

<c> S Ellis appointed MD of PMP (NZ) Limited on 30/05/16. Remuneration is for the period from 30/05/16 to 30/06/16.

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, which is reviewed by the Appointments and Compensation Committee. This includes corporate goals such as EBIT excluding significant items, 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 and 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.

7.5 Company performance

Table 4a shows PMP's performance over the last three years.

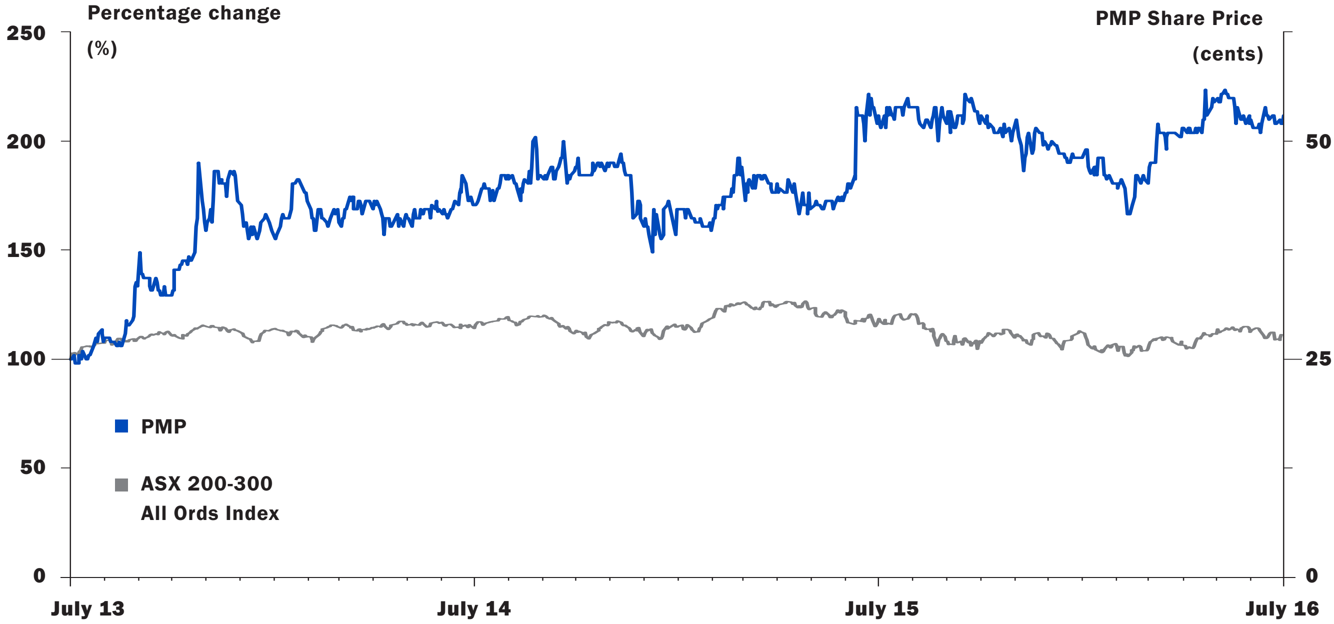


Table 4a. PMP Share Price Performance against ASX 200-300 All Ords Index.

Earnings performance indicators		2012	"2013 <b> (Restated)"	2014	2015	2016
Earnings per ordinary share (basic)	cents	(7.5)	<b> (21.7)	1.1	2.5	0.1
Earnings per ordinary share (diluted)	cents	(7.5)	<b> (21.7)	1.1	2.5	0.1
Dividend per share	cents	<a> 1.0	—	—	—	<c> 3.0
External sales revenue	A$ mill	1,093.9	975.8	899.2	811.7	816.0
Total EBIT (before significant items)	A$ mill	32.7	<b> 33.8	28.8	26.4	23.3

Table 4b. PMP earnings performance indicators.

<a> 1.0 cent interim FY12 dividend, paid FY12.

<b> 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.

<c> 1.8 cent final dividend FY15, paid FY16. 1.2 cent interim dividend FY16, paid FY16.

7.6 Chief Executive Officer ("CEO")

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

EMPLOYMENT CONTRACT

Mr Peter George signed a new employment contract which commenced on 1 October 2015. Under the contract 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 twelve 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. In addition to the base salary the Company has provided Mr Peter George with accommodation in Sydney in order to facilitate the Company's strategic initiatives and to minimise accommodation and travel costs. The cost of this accommodation for the year was $72,855.

Short Term Incentive ("STI"):

Mr Peter George has an STI of up to 100% of his fixed remuneration for FY16, 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 are subject to a 12 month holding lock from the start of the following financial year.

No STI is payable for the 2016 financial year as the EBIT hurdle was not achieved.

Long Term Incentive ("LTI"):

The shareholders approved at the 2015 Annual General Meeting that Mr Peter George be awarded 3,000,000 performance rights under the PMP LTI 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 2018.

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 between 1 July 2015 and 30 June 2018. 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 2018.

These performance conditions are tested on the earlier of: an early vesting event or on the First Exercise Date under the PMP LTI Plan which is when the Company gives the ASX the Appendix 4E (the preliminary final report). Mr Peter George may exercise such rights that vest after this date.

The performance rights issued to the CEO under the PMP LTI Plan in October 2012 were exercised on 25 August 2015. The Company's performance relative to the TSR hurdle, was such that the Company outperformed the 75th percentile when measured against the peer group and accordingly 1.05 million performance rights vested to Mr Peter George. The Company's performance relative to the EBITDA hurdle, was such that the Company achieved 95% of the target EBITDA over the three years. The target EBITDA was set at $204 million and where the Company achieved between 80 to 110% of the target EBITDA, 50 to 100% of the rights vest pro rata. This resulted in Mr Peter George becoming eligible for 75% of those performance rights, being 787,500 performance rights. Half of his vested performance rights were cash settled and half were settled via the issue of shares that were subject to a six month holding lock. 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 2016 is set out in the table below:

Salary Component	2016
- Base Salary (including superannuation)	$600,000
- Non Monetary Benefits *	$72,855
- LSL	$ –
- STI: Cash <a>	$ –
- STI: Shares <a>	$ –
- LTI <b>	$302,871
Total	$975,726

Table 5. Chief Executive Officer remuneration.

* Non monetary benefits includes accommodation of $72,855.

<a> No STI for the 2016 financial year as the EBIT hurdle was not achieved.

<b> 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 LTI 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.

7.7 Key management personnel (other than Non-Executive Directors)

PMP's Key Management Personnel (excluding Non-Executive Directors) during the financial year are:

P George	Chief Executive Officer and Managing Director (Refer Section 7.6 for remuneration details.)
J Nichols	Chief Operating Officer
G Stephenson	Chief Financial Officer
S Ellis*	Managing Director - PMP (NZ) Limited

*S Ellis appointed Managing Director of PMP (NZ) Limited on 30/05/16.

EMPLOYMENT CONTRACTS

PMP does not (subject to limited exceptions) 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	6 Months	6 Months	Where there is a change of control or a significant and material adverse change in his duties or responsibilities in which case if the employment is terminated PMP is to pay the equivalent of 12 months TEC.
G Stephenson	6 Months	6 Months	No specific termination payment provided for.
S Ellis	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 ("KMP") (excluding Non-Executive Directors). All rights are independently valued in accordance with AASB 2 using either the Binomial Option Pricing Model or the Monte Carlo Simulation Model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date fair value on a straight line basis over the period from grant date to vesting date.

Key Management Personnel (excluding Non-Executive Directors)			Short term			Long term		Total excluding rights	Equity rights <f>	Grand total
			Salary	Non Monetary Benefits	STI	Post Employment Superannuation	LSL <c>			
			$	$	$	$	$	$	$	$
P George	<a>	2016	547,945	72,855	–	52,055	–	672,855	302,871	975,726
	<b>	2015	547,945	69,196	360,000	52,055	–	1,029,196	76,200	1,105,396
J Nichols		2016	347,032	–	–	32,968	5,875	385,875	130,728	516,603
		2015	347,032	–	114,000	32,968	(937)	493,063	151,048	644,111
G Stephenson		2016	455,692	–	–	19,308	7,669	482,669	162,428	645,097
		2015	456,217	–	142,500	18,783	–	617,500	190,042	807,542
P Trainor	<d>	2016	125,557	–	–	–	–	125,557	(35,660)	89,897
		2015	321,087	–	96,326	–	–	417,413	24,689	442,102
S Ellis	<e>	2016	28,492	–	–	855	–	29,347	–	29,347
Total Remuneration KMP (excluding Non-Executive Directors)										
		2016	1,504,718	72,855	–	105,186	13,544	1,696,303	560,367	2,256,670
		2015	1,672,281	69,196	712,826	103,806	(937)	2,557,172	441,979	2,999,151

Table 7. Key Management Personnel (excluding Non-Executive Directors) remuneration of the Company and the group.

<a> P George salary includes non monetary benefits being $72,855 for accommodation as discussed in section 7.6.

<b> P George salary includes non monetary benefits being $69,196 for accommodation as discussed in section 7.6.

<c> The credit balance for LSL is due to leave taken during the 2015 year.

<d> Completion 20/11/15 (Termination payment of A$239,321 excluded. Payment made on 27/11/15.
New Zealand dollar payment converted into Australian dollars at the average profit and loss exchange rate prevailing to November 2015).

<e> Appointed Managing Director of PMP (NZ) Limited on 30/05/16. Remuneration includes housing allowance.
New Zealand dollar payment converted into Australian dollars at the profit and loss exchange rate prevailing at June 2016.

<f> Where completion dates are during the period rights have been forfeited.
Rights that had not vested prior to being forfeited have been credited back to the income statement.

	Fixed annual remuneration	Non monetary benefits	Maximum STI <d>	Actual STI <a>	Actual STI percentage of maximum STI	Maximum LTI <c>	Maximum potential reward <b>	Actual reward <b>	At risk remuneration (of potential total)
	$	$	$	$	%	$	$	$	%
P George <e>	600,000	72,855	600,000	–	–	302,871	1,575,726	672,855	57%
J Nichols	380,000	–	190,000	–	–	182,333	752,333	380,000	49%
G Stephenson	475,000	–	237,500	–	–	226,934	939,434	475,000	49%
S Ellis <f>	29,347	–	–	–	–	–	29,347	29,347	0%

Table 8. Key management personnel achievement of performance hurdles.

<a> No STIs were paid as the EBIT hurdle was not achieved.

<b> The difference between the Actual Reward and Maximum Potential Reward is the forfeited value. LTI's are included in the actual rewards to the extent that they are vested.

<c> All long term incentives (LTIs) are composed of "rights". The value in this table has been independently valued and calculated based on 100% of rights vesting in order to calculate the maximum potential reward. The amount is based on the accrued accounting value in accordance with AASB 2 'Share-based Payment'.

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

<e> Salary includes non monetary benefits of $72,855 for accommodation as disclosed in section 7.6.

<f> S Ellis appointed Managing Director of PMP (NZ) Limited on 30/05/16. Remuneration paid in New Zealand dollars. New Zealand dollar remuneration converted into Australian dollars at the profit and loss rate prevailing at June 2016.

SHARE RIGHTS

The table below shows share rights granted and vested to the top 5 remunerated personnel during the year. No Directors (apart from the Managing Director) were granted or hold rights over shares of PMP Limited.

Terms & Conditions for each grant of share rights during the year ending 30 June 2016							30 June 2016
	Granted number	Grant date	Value per right at grant date $	Exercise price per share $	First exercise date	Last exercise date	Vested Number <c>
P George	3,000,000	01/10/2015	<a>	N/A	<b>	31/08/2020	1,837,500
A Clarkson	260,000	01/06/2016	<d>	N/A	<b>	31/08/2020	782,031
J Davies	124,432	01/06/2016	<d>	N/A	<b>	31/08/2020	–
D Hogan	125,000	01/06/2016	<d>	N/A	<b>	31/08/2020	–
J Nichols	345,455	01/06/2016	<d>	N/A	<b>	31/08/2020	1,039,063
G Stephenson	431,818	01/06/2016	<d>	N/A	<b>	31/08/2020	1,162,110
Total	4,286,705						4,820,704

Terms & Conditions for each grant of share rights during the year ending 30 June 2015							30 June 2015
	Granted number	Grant date	Value per right at grant date $	Exercise price per share $	First exercise date	Last exercise date	Vested Number
P George	–	–	–	–	–	–	–
A Clarkson	297,917	01/10/2014	<e>	N/A	<f>	31/08/2019	Nil
J Nichols	395,833	01/10/2014	<e>	N/A	<f>	31/08/2019	Nil
G Stephenson	494,792	01/10/2014	<e>	N/A	<f>	31/08/2019	Nil
P Trainor <g>	96,609	01/10/2014	<e>	N/A	<f>	31/08/2019	Nil
Total	1,285,151						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 - $0.30 (50% of granted rights)
Fair value per right - EBITDA hurdle - $0.451 (50% of granted rights)

<b> Following the announcement of the 2017-18 results.

<c> As at 25 August 2015, following the announcement of the result to 30 June 2015 to the ASX, the performance rights issued in October 2012 to the CEO and eligible executives under the PMP LTI Plan were exercised.

<d> Valuation in accordance with AASB 2 Share-based Payment
Fair value per right - TSR hurdle - $0.30 (50% of granted rights)
Fair value per right - EBITDA hurdle - $0.48 (50% of granted rights)

<e> Valuation in accordance with AASB 2 Share-based Payment
Fair value per right - TSR hurdle - $0.34 (50% of granted rights)
Fair value per right - EBITDA hurdle - $0.47 (50% of granted rights)

<f> Following the announcement of the 2016-17 results.

<g> Resigned as Managing Director of PMP (NZ) Limited on 20/11/15.

	Balance 1 July 2015	Granted as Remuneration	Rights Exercised <b>	Rights Lapsed <c>	Rights Cancelled	Other	Balance 30 June 2016	Not Exercisable <a>
2016								
P George	2,100,000	3,000,000	(1,837,500)	(262,500)	–	–	3,000,000	3,000,000
J Nichols	2,142,157	345,455	(1,039,063)	(148,437)	–	–	1,300,112	1,300,112
G Stephenson	2,521,446	431,818	(1,162,110)	(166,015)	–	–	1,625,139	1,625,139
P Trainor <d>	192,484	–	–	–	–	(192,484)	–	–
S Ellis <e>	–	–	–	–	–	–	–	–
Total	6,956,087	3,777,273	(4,038,673)	(576,952)	–	(192,484)	5,925,251	5,925,251

	Balance 1 July 2014	Granted as Remuneration	Rights Exercised	Rights Lapsed <f>	Rights Cancelled	Other	Balance 30 June 2015	Not Exercisable <a>
2015								
P George	2,100,000	–	–	–	–	–	2,100,000	2,100,000
J Nichols	1,746,324	395,833	–	–	–	–	2,142,157	2,142,157
G Stephenson	2,339,154	494,792	–	(312,500)	–	–	2,521,446	2,521,446
P Trainor	95,875	96,609	–	–	–	–	192,484	192,484
Total	6,281,353	987,234	–	(312,500)	–	–	6,956,087	6,956,087

Table 10. Rights holdings key management personnel (excluding Non-Executive Directors).

<a> No rights are exercisable at 30 June 2016 (2015: nil).

<b> Performance rights issued in October 2012 were exercised.
Half of the vested rights were cash settled and half were settled via the issue of shares.

<c> Lapse of 25% of EBITDA performance rights issued in October 2012.

<d> Resigned 20/11/15.

<e> Appointed Managing Director of PMP (NZ) Limited on 30/05/16.

<f> Granted 1/10/11.

2016	Balance 1 July 2015	On Exercise of Rights	Purchases	Sales	Other	Balance 30 June 2016
Directors						
M Bickford-Smith	200,000	–	–	–	–	200,000
P George	890,656	918,750 <a>	–	–	219,600 <a>	2,029,006
A Cheong	–	–	–	–	–	–
P Margin	49,900	–	–	–	–	49,900
N Sparks	–	–	–	–	–	–
D Karai <b>	–	–	–	–	–	–
Total	1,140,556	918,750	–	–	219,600	2,278,906
Executives						
J Nichols	–	519,532 <c>	–	–	–	519,532
G Stephenson	50,000	581,055 <c>	–	–	–	631,055
S Ellis <d>	–	–	–	–	–	–
Total	50,000	1,100,587	–	–	–	1,150,587

Table 11. Shareholdings of key management personnel.

<a> 918,750 shares issued upon exercise of rights pursuant to PMP's LTI Plan and 219,600 shares purchased as part of 2014/2015 short term incentive. 33.3% of Mr P George's STI is a fixed dollar value which is required to be converted to shares. 219,600 shares were purchased by the company on market in the current financial year.

<b> Appointed a Non-Executive Director and member of the Audit and Risk management Committee on 01/06/16.

<c> Shares issued upon exercise of rights issued in October 2012 pursuant to PMP's LTI Plan. Half of the vested rights were cash settled and half were settled via the issue of shares.

<d> Appointed Managing Director of PMP (NZ) Limited on 30/05/16.

7.8 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 $496,038 of this amount for Non-Executive Directors' remuneration - as shown in Table 12.

Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits.

Following a review of Non-Executive Director emoluments, the Board resolved to amend its fee structure primarily to reflect the increased responsibilities of the Appointments and Compensation Committee. The last fee increase for directors was in 2007 when the Chairman received a $10,000 increase and the Directors a $5,000 increase.

	To 1 April 2016*	From 1 April 2016*
Chairman of the Board	$186,752	$186,752
Non-Executive Director	$82,125	$82,125
Chair of Audit and Risk Management Committee	$21,900	$28,470
Member of Audit and Risk Management Committee	$13,140	$14,235
Chair of Appointments and Compensation Committee	$14,235	$28,470
Member of Appointments and Compensation Committee	$8,760	$14,235

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

* Inclusive of statutory superannuation of 9.5%.

7.9 Performance assessment

The Chairman continuously evaluates Board and Director performance directly with each Director.

7.10 Retirement benefits

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

Specified Directors			Salary & Fees <h>	Non Monetary Benefits	Post Employment Superannuation	STI	Equity Rights <g>	Grand Total
			$	$	$	$	$	$
Total Remuneration: Non-Executive Directors								
M Bickford-Smith (Board Chair)	<a>	2016	195,800	–	18,601	–	–	214,401
		2015	195,550	–	18,579	–	–	214,129
A Cheong	<b>	2016	87,250	–	–	–	–	87,250
	<b>	2015	87,000	–	–	–	–	87,000
P Margin		2016	96,500	–	9,168	–	–	105,668
		2015	95,000	–	9,026	–	–	104,026
N Sparks	<c>	2016	87,500	–	8,313	–	–	95,813
		2015	83,000	–	7,883	–	–	90,883
D Karai	<d>	2016	7,333	–	697	–	–	8,030
Total		2016	474,383	–	36,779	–	–	511,162
		2015	460,550	–	35,488	–	–	496,038
Total Remuneration: Executive Directors								
P George (CEO)	<e>	2016	547,945	72,855	52,055	–	302,871	975,726
	<f>	2015	547,945	69,196	52,055	360,000	76,200	1,105,396
Total		2016	547,945	72,855	52,055	–	302,871	975,726
		2015	547,945	69,196	52,055	360,000	76,200	1,105,396
Total Remuneration: Directors								
- Directors		2016	1,022,328	72,855	88,834	–	302,871	1,486,888
		2015	1,008,495	69,196	87,543	360,000	76,200	1,601,434

Table 12. Specified Director remuneration.

<a> Retired as a Chair of the Appointments and Compensation Committee on 31/03/16.
Appointed member of the Appointments and Compensation Committee on 01/04/16.

<b> Payments made for Directorship services provided by A Cheong are made to Fraser & Neave (Singapore) Pte Ltd.

<c> Retired as a Member of the Appointments and Compensation Committee on 31/03/16.
Appointed Chair of the Appointments and Compensation Committee on 01/04/16.

<d> Appointed a Non-Executive Director and member of the Audit and Risk Management Committee on 01/06/16.

<e> P George salary includes non monetary benefits being $72,855 for accommodation as disclosed in section 7.6.

<f> P George salary includes non monetary benefits being $69,196 for accommodation as disclosed in section 7.6.

<g> Equity rights are calculated as per Table 7.

<h> From April 2016 the fees of the Chair of the Audit and Risk Management Committee increased by $6,570 inclusive of superannuation and a member of that committee increased by $1,095 inclusive of superannuation. The Appointments and Compensation Committee fees were aligned with those of the Audit and Risk Management Committee.
The Chairman receives a single aggregate fee and fees for being a member of the committees of the Board. Refer to section 7.8.

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, 31 August 2016

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

31 August 2016

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 2016, 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

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants

CFO Review

Geoff Stephenson

B.Bus CPA GAICD

Chief Financial Officer (CFO)

The CFO of PMP is responsible for all finance and support functions in the Company as well as 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.

Sales Revenue

Sales revenue for FY16 was $816.0 million, a 0.5% or $4.3 million increase on the prior year. Sales at Gordon & Gotch at $345.8 million were up $77.3 million year on year as the Bauer contract revenues more than offset the reduction in volumes from existing customers. At PMP Australia, sales of $334.6 million was a drop of $57.6 million. While volumes were up 3.2% at Distribution, the majority of the sales decline was in heat-set print with the final flow through of a major print customer buying their own paper $25 million, a major contract loss $13 million, the final cessation of Directories print contract $8 million and Dick Smith ceasing business $6 million. At PMP New Zealand sales were $135.6 million, down $15.3 million mainly due to the loss of a major publishing contract that impacted both heat-set and sheetfed sales, partially offset by additional retail print contracts and a 1.9% rise in distribution volumes.

Earnings Before Interest and Tax (“EBIT”)

The full-year EBIT (before significant items) at $23.3 million, was down 11.7% or $3.1 million on the prior year EBIT (before significant items) of $26.4 million, mainly due to lower profits at PMP New Zealand down $2.6 million on a major publishing contract loss and sell price pressure partially offset by new print contracts and further cost savings. At PMP Australia, EBIT (before significant items) at $16.5 million was down $1.6 million as the impact of lower heat-set print sales and higher costs at Griffin Press were mostly offset by tight cost controls, lower depreciation and further cost-out initiatives mainly in the print business. Gordon & Gotch EBIT (before significant items) at $2.3 million was $0.7 million lower as the impact of lower volumes from existing customers offset part year gains from the Bauer contracts. Corporate costs were lower by $1.8 million or 30.2%.

Net Profit After Tax (“NPAT”)

A net profit after tax of $0.2 million was recorded for FY16 which was $7.8 million lower than the $8.0 million profit in the previous year. The $3.1 million fall in EBIT (before significant items) was offset by a reduction in interest expense so earnings before tax and significant items at $17.3 million was broadly in line year on year. Statutory profit after tax fell from $8.0 million to $0.2 million mainly due to a $7.5 million increase in post tax significant items (mainly due to the Dick Smith receivable impairment and the fees associated with the termination of the old corporate bond).

Cash Flow

The Group’s free cash flow* was $37.5 million up 5.7% compared to $35.5 million in FY15 as better working capital outcomes, lower interest expense and reduced capital expenditure offset lower EBITDA (before significant items)**. Cash from Operations at $32.0 million was $1.1 million down as better working capital movements and lower interest expense mostly offset higher significant items and lower EBITDA (before significant items)**.

Balance Sheet

At year end, net assets for the group were $259.4 million, down $11.1 million from $270.5 million in the previous year with most of the reduction relating to share buy-back and dividends. The company had a Net Cash position of $0.7 million***. Interest cover was 8.5x vs. 6.5x in the prior period. During the year, the company issued a new 4 year corporate bond for $40 million which allowed it to repay the previous $50 million bond, extend tenor and secure a lower interest coupon. Following the Bauer contract in FY16 there has been an increase in debtors, inventory and accounts payable.

Capital Management

The company commenced capital management in August 2015 when it announced (out of FY15 profits) a 50% franked dividend of 1.8 cents per share payable in October 2015 and an on-market share buy-back for up to $6.2 million.

The company’s capital management policy is to distribute annually 100% of NPAT (before significant items) with at least 75% via dividends and any remainder by on-market buy-back.

In February 2016 (out of FY16 profits), an interim unfranked dividend of 1.2 cents per share was announced and paid in April 2016. At this time there was also an increase in the existing on-market buy-back by $1.9 million. In FY16 the on-market buy-back purchased 8.1 million shares at a cost of $4.1 million equating to an average price of 51 cents. This was paid out of FY15 profits.

In August 2016, the company declared a final unfranked dividend of 2.4 cents per share to be paid on 7 October 2016 with a record date of 22 September 2016. This brings total dividends to $11.5 million or 97% of FY16 NPAT (before significant items). This is higher than the policy of 75% dividends and is an exception rather than a change to the policy.

* Free cash flow is defined as EBITDA** before significant items, less interest paid, income tax, capital expenditure and movement in working capital.

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

*** Net Cash $0.7M = $54.1M Cash - $40M Bond - $16.3M Euro loan + $2.9M Cross Currency Swap revaluation (refer note 13(e)). Excludes prepaid finance costs.

Highlights

$M	2016	2015	% Change
EBITDA (before significant items)	**51.2**	58.1	(11.9%)
Depreciation & Amortisation	**(27.9)**	(31.7)	12.1%
EBIT (before significant items)	**23.3**	26.4	(11.7%)
Financing Costs*	**(5.9)**	(8.8)	32.6%
Income Tax (expense) (before significant items)	**(5.5)**	(5.5)	–
Net Profit (before significant items)	**11.8**	12.1	(2.1%)
Significant items	**(14.6)**	(6.0)	(144.2%)
Income Tax benefit on significant items	**2.9**	1.9	57.3%
Net profit after income tax	**0.2**	8.0	(97.7%)

* 2016 excludes Significant Item for the year ended 30 June 2016 of $2.333 million (2015: $35,000)

Segment Sales Revenue

$M	2016	2015	Variance
Sales Revenue			
PMP Australia	**334.6**	392.3	(14.7%)
PMP New Zealand	**135.6**	150.9	(10.2%)
Gordon and Gotch	**345.8**	268.5	28.8%
Corporate	**–**	–	–
Total	**816.0**	811.7	0.5%

Segment EBIT before significant items

$M	2016	2015	Variance
EBIT (before significant items)			
PMP Australia	**16.5**	18.1	(9.0%)
PMP New Zealand	**8.6**	11.1	(23.0%)
Gordon and Gotch	**2.3**	3.0	(21.9%)
Corporate	**(4.1)**	(5.9)	(30.2%)
Total	**23.3**	26.4	(11.7%)

Cash Flow

$M	2016	2015
EBITDA (before significant items)	**51.2**	58.1
Borrowing costs	**(6.5)**	(8.1)
Income tax payments	**–**	–
Net movement in working capital	**(2.9)**	(9.1)
Trading cash flow	**41.7**	41.0
Significant items	**(9.7)**	(7.8)
Cash flow from operating activities	**32.0**	33.2
Asset sales	**2.4**	8.4
Capital expenditure	**(4.2)**	(5.5)
Dividends paid	**(9.7)**	–
Share buy-back	**(4.1)**	–
Net cash flow	**16.3**	36.1
Gain/(Loss) on translation of New Zealand debt/cash	**0.7**	(0.7)
Reconciliation to net debt movement	**17.0**	35.4
Free cash flow*	**37.5**	35.5

Balance Sheet

Year ended 30 June

$M	2016	2015
Current assets	**238.7**	204.5
Non-current assets	**238.2**	264.9
Total assets	**476.9**	469.5
Current liabilities	**161.0**	128.5
Non-current liabilities	**56.5**	70.4
Total liabilities	**217.5**	198.9
Net assets	**259.4**	270.5

* Equals EBITDA (before significant items) less interest paid, income tax, capital expenditure and movement in working capital.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		PMP Group	
YEAR ENDED 30 JUNE 2016	NOTES	2016 $'000	2015 $'000
Continuing operations			
Sales revenue	2(a), 21	**815,979**	811,682
Other revenue	2(a), 21	**4,137**	8,156
Raw materials and consumables used		**(158,471)**	(204,526)
Cost of finished goods sold		**(323,478)**	(251,661)
Employee expenses		**(219,416)**	(228,406)
Outside production services		**(12,658)**	(14,968)
Freight		**(22,420)**	(16,396)
Repairs and maintenance		**(11,236)**	(16,233)
Occupancy costs		**(18,789)**	(21,260)
Other expenses		**(14,715)**	(14,227)
Depreciation and amortisation	2(e), 21	**(27,914)**	(31,747)
Finance costs	3	**(8,266)**	(8,838)
Profit before income tax	2(c)	**2,753**	11,576
Income tax expense:			
Current tax expense in respect of the current period		**(223)**	(2,467)
Deferred tax expense in respect of the current period		**(2,345)**	(1,124)
Total tax expense	4	**(2,568)**	(3,591)
Net profit after income tax		**185**	7,985
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial (losses)	22	**(210)**	(125)
Income tax relating to items that will not be reclassified subsequently		**63**	38
		(147)	(87)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**4,873**	(3,419)
(Loss)/gain on cash flow hedges taken to equity		**(1,682)**	2,971
Income tax relating to items that may be reclassified subsequently		**490**	(871)
		3,681	(1,319)
Other comprehensive income/(expense) for the period (net of tax)		**3,534**	(1,406)
Total comprehensive profit for the year		**3,719**	6,579
Basic earnings per share (cents)	25	**0.1**	2.5
Diluted earnings per share (cents)	25	**0.1**	2.5
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)	25(a)	**322,126**	323,781

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		PMP Group	
YEAR ENDED 30 JUNE 2016	NOTES	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	26(b)	**54,103**	49,529
Receivables	5	**96,277**	78,833
Inventories	6	**85,602**	69,769
Financial assets	15	**248**	1,878
Other	7	**2,465**	4,501
Total current assets		**238,695**	204,510
Non-current assets			
Property, plant and equipment	9	**155,944**	178,857
Deferred tax assets	11	**49,335**	52,793
Goodwill and intangible assets	10	**27,514**	26,842
Financial assets	15	**2,381**	2,360
Other	7	**3,072**	4,093
Total non-current assets		**238,246**	264,945
Total assets		**476,941**	469,455
Current liabilities			
Payables	12	**139,371**	107,487
Interest bearing liabilities - financial institutions	13(a)	**2,518**	2,309
Income tax payable		**12**	13
Financial liabilities	15	**1,093**	150
Provisions	14	**18,009**	18,558
Total current liabilities		**161,003**	128,517
Non-current liabilities			
Interest bearing liabilities - financial institutions	13(b)	**51,988**	64,355
Deferred tax liabilities	11	**–**	1,845
Financial liabilities	15	**12**	–
Provisions	14	**4,519**	4,197
Total non-current liabilities		**56,519**	70,397
Total liabilities		**217,522**	198,914
Net assets		**259,419**	270,541
Equity			
Contributed equity	16	**353,227**	356,035
Reserves	18	**12,063**	8,596
Accumulated losses		**(105,871)**	(94,090)
Total equity		**259,419**	270,541

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		PMP Group	
YEAR ENDED 30 JUNE 2016	NOTES	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		**881,959**	907,387
Payments to suppliers and employees		**(842,695)**	(866,476)
Fee for early termination of corporate bond	2(b), 3	**(1,500)**	–
Interest rate swap close out costs	3	**—**	(190)
Interest received		**787**	500
Interest and other costs of finance paid		**(6,520)**	(8,074)
Income tax (paid)/received		**(8)**	12
Net cash flow from operating activities	26(a)	**32,023**	33,159
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,232)**	(5,414)
Proceeds from sale of property, plant and equipment		**2,398**	8,399
Payments for development costs and licences		**—**	(78)
Net cash flow (used in)/provided by investing activities		**(1,834)**	2,907
Cash flows from financing activities			
Repayment of corporate bond	13	**(50,000)**	–
Repayments of borrowings		**(2,441)**	(15,056)
Proceeds from corporate bond	13	**40,000**	–
Dividends paid to company's shareholders	17	**(9,715)**	–
Payment for share buy-back	16	**(4,141)**	–
Payment of finance lease liabilities		**—**	(18)
Net cash flow (used in) financing activities		**(26,297)**	(15,074)
Net increase in cash and cash equivalents		**3,892**	20,992
Cash and cash equivalents at the beginning of the financial year		**49,529**	28,745
Effects of exchange rate changes on cash and cash equivalents		**682**	(208)
Cash and cash equivalents at end of the financial year	26(b)	**54,103**	49,529

The above consolidated 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
YEAR ENDED 30 JUNE 2016	Attributable to equity holders of PMP Limited					
At 1 July 2014	356,035	(100,698)	10,037	1,278	(1,859)	264,793
Other ^	–	(1,488)	–	–	–	(1,488)
Currency translation differences	–	–	(3,419)	–	–	(3,419)
Cash flow hedges (net of tax)	–	–	–	–	2,100	2,100
Defined benefit plan (net of tax)	–	(87)	–	–	–	(87)
Total (expense)/income recognised directly in equity	–	(87)	(3,419)	–	2,100	(1,406)
Profit for the year	–	7,985	–	–	–	7,985
Total comprehensive income/(expense) for the year	–	7,898	(3,419)	–	2,100	6,579
Share-based payments	–	198	–	459	–	657
At 30 June 2015	356,035	(94,090)	6,618	1,737	241	270,541
At 1 July 2015	356,035	(94,090)	6,618	1,737	241	270,541
Currency translation differences	–	–	4,873	–	–	4,873
Cash flow hedges (net of tax)	–	–	–	–	(1,192)	(1,192)
Defined benefit plan (net of tax)	–	(147)	–	–	–	(147)
Total income/(expense) recognised directly in equity	–	(147)	4,873	–	(1,192)	3,534
Profit for the year	–	185	–	–	–	185
Total comprehensive income/(expense) for the year	–	38	4,873	–	(1,192)	3,719
Dividends~	–	(9,715)	–	–	–	(9,715)
Share buy-back	(4,141)	–	–	–	–	(4,141)
Share-based payments*	1,333	(2,104)	–	(214)	–	(985)
At 30 June 2016	**353,227**	**(105,871)**	**11,491**	**1,523**	**(951)**	**259,419**

~ The above table represents the PMP Group position. At 30 June 2015, a dividend reserve of $50.1 million was created in the parent entity. A final ordinary dividend for the year ended 30 June 2015 was paid on 6 October 2015 and an interim ordinary dividend for the year ended 30 June 2016 was paid on 6 April 2016 from the parent entity dividend reserve. After the 2016 profit of the parent, the dividend reserve has a balance of $40.6 million at 30 June 2016 (refer to Note 30).

* On 25 August 2015, the performance rights issued in October 2012 to the CEO and eligible executives were exercised. The vested rights were settled 50% by cash and 50% by the issue of 2.487 million shares for $1.333 million. The difference of ($2.104) million between the amount provided in the share-based payment reserve and settlement of the vested rights was transferred to accumulated losses, in accordance with accounting standards.

^ GST asset $1.5 million from prior period no longer recoverable. This has been taken as an adjustment to opening accumulated losses and payables.

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

Financial Index

YEAR ENDED 30 JUNE 2016

1 Summary of Significant Accounting Policies

BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been 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 that have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

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 31 August 2016.

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 Accounting Standards Board ("AASB") that are relevant to its operations and effective for the year ended 30 June 2016.

CHANGES IN ACCOUNTING POLICIES

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that standard to be effectively withdrawn.

The Group has no transactions that would be affected by this new amendment.

Standards and interpretations issued not yet adopted

At the date of publication, the Standards and Interpretations that were issued but not yet effective are listed below.

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 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15' and AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

YEAR ENDED 30 JUNE 2016

1 Summary of Significant Accounting Policies (continued)

AASB 9 Financial Instruments:

Introduced new requirements for the classification and measurement of financial assets including impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments. The types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting has been broadened. Also, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required and enhanced disclosure requirements about an entity's risk management activities have also been introduced. The standard is not applicable until 1 January 2018 but is available for early adoption. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 9.

AASB 15 Revenue from contracts with customers:

Establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede the current revenue recognition guidance when it becomes effective in January 2018. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the separate performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies each performance obligation

The Group has not yet assessed its impact and has not yet decided when to adopt AASB 15.

AASB 16 Leases:

Introduces a new accounting model for leasees that requires leasees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. Under the model a lease asset and liability will be initially recognised. Amortisation of lease assets and interest on the lease liabilities will be recognised in the income statement over the lease term. The total amount of cash paid will be separated into a principal portion (financing activities) and interest (operating activities) for presentation in the cash flow statement. Lessor accounting will not change significantly. The standard includes better guidance on identifying whether a contract contains a lease and requires enhanced disclosures. AASB 16 is not applicable until 1 January 2019 but is available for early adoption but only if *AASB 15 Revenue from contracts with customers* is also applied. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 16.

At the date of publication, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) 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
Clarification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2)	1 January 2018	30 June 2019

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 cost of disposal to sell and value in use. It is determined for an

YEAR ENDED 30 JUNE 2016

1 Summary of Significant Accounting Policies (continued)

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.

In determining fair value less cost of disposal to sell, a discounted cash flow model is used based on a methodology maximising the use of market observed inputs.

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

FOREIGN CURRENCIES

The individual financial statements of each entity in the PMP group are presented in their functional currency which equates to their local currency. For the purposes of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars, which is the functional currency of PMP Limited and the presentation currency for the consolidated financial statements.

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 Consolidated statement 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 Consolidated 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.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal or retirement is the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Property, plant and equipment 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:

- 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

1 Summary of Significant Accounting Policies (continued)

had the asset not been classified as 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.

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.

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

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.

A provision for make good is recognised when property leases require the restoration of premises to its original condition at the conclusion of the lease. Refer to the Group's accounting policy on provisions for the criteria that must be satisfied for the recognition of a provision.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the purchase consideration 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 as discussed in Note 10.

Development and licence costs

Costs incurred in 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 Consolidated 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 both the contract outcome can be reliably measured and 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.

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

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.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to

1 Summary of Significant Accounting Policies (continued)

settle its current tax assets and liabilities on a net basis.

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 rising 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 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.

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 ("LTI") and the CEO's short term incentive plan ("STI"). Information relating to these schemes are 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

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

1 Summary of Significant Accounting Policies (continued)

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

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) 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 Consolidated statement of profit or loss and other comprehensive income.

Amounts accumulated in equity are recycled in the Consolidated 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.

(ii) 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 Consolidated statement of profit or loss and other comprehensive income.

DIVIDENDS AND DIVIDEND RESERVE

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.

The Company's capital management policy is to distribute at least 75% via dividends and any remainder by on-market buy-back. Based on PMP's Net Profits After Tax, excluding significant items for the year ended 30 June 2016 of $11.8 million, the Directors have declared a final unfranked dividend of 2.4 cents per share (which equates to $7.7 million), to be paid on 7 October 2016. No liability is recognised in the 2016 financial statements as this dividend was declared after 30 June 2016. In addition, an interim dividend was paid in April 2016 of 1.2 cents per share or $3.8 million. This brings total dividends to $11.5 million or 97% of Net Profit After Tax, excluding significant items. This is higher than the policy of 75% dividends and is an exception rather than a change to the policy.

The accumulated profits of PMP Limited of $0.2 million for the year ended 30 June 2016 were resolved by the Directors to be transferred to a dividend reserve, to be utilised for future dividends. After the payment of the June 2015 final dividend of $5.9 million, payment of the 2016 interim dividend of $3.8 million and the transfer of $0.2 million parent profit after tax for the 2016 financial year, the dividend reserve has a balance of $40.6 million at 30 June 2016.

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

YEAR ENDED 30 JUNE 2016

1 Summary of Significant Accounting Policies (continued)

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.

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

Note 11 - Deferred tax

Note 27 - 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 of disposal, 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.

Tax losses in Australia have increased from $0.5 million in 2015 to $1.8 million for the year to 30 June 2016 mainly due to the lower net profit after income tax and the reversal of prior year temporary differences (including tax losses on the sale of previously impaired plant). The Directors consider it prudent to not recognise $18.1 million of tax losses (equating to prior year Australian tax losses of $16.3 million and $1.8 million forecast 2016 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 $34.8 million, attributable to tax losses, is supportable given the level of redundancy costs incurred in the previous years are not expected to reoccur and PMP is forecasting future tax profits from the 2017 financial year onwards, making it probable that the tax losses will be recouped over a period of 6 to 7 years (as with 2015). This position will be reassessed on an ongoing basis.

The New Zealand deferred tax asset value of $3.4 million, attributable to tax losses (which were partly recouped this year), are expected to be fully recouped over a period of 2 years.

(iii) Fair value measurement and valuation process

PMP has financial instruments that are carried at fair value in the Consolidated 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 27.

COMPARATIVE AMOUNTS

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

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
2a Revenue			
Sales revenue		**815,979**	811,682
Included in profit before income tax are the following items of other revenue:			
Other income - external		**2,740**	2,086
Rental income		**613**	1,931
Net gain on disposal of property	2(b), 2(c)	**–**	3,650
Net (loss) on disposal of plant and equipment	2(c)	**–**	(11)
Interest income	3	**784**	500
Total other revenue		**4,137**	8,156
Total revenue	21	**820,116**	819,838
2b Significant items			
Included in net profit after income tax are the following significant items of income and expense:			
Significant income and expenses			
Gain on disposal of property*	2(a)	**–**	(3,650)
Net loss/(gain) on disposal of plant and equipment and non-current assets classified as held for sale		**224**	(13)
Restructure initiatives and other one off costs		**8,368**	9,018
Impairment of Dick Smith trade receivable		**3,894**	–
(Reversal)/impairment of plant and equipment due to restructure initiatives	2(c), 9(b)	**(230)**	583
Fee for early termination of corporate bond	3	**1,500**	–
Finance cost interest rate swap unwind	3	**–**	35
Write off of prepaid finance costs	3	**833**	–
Total significant items (included in profit before interest and tax)		**14,589**	5,973
Tax benefit associated with significant items		**4,671**	2,342
Adjustment of prior year losses not recognised to actual		**111**	–
Tax losses not brought to account		**(1,841)**	(472)
Tax benefit included in net profit after tax		**2,941**	1,870
Significant items have been included in the Consolidated statement of profit or loss and other comprehensive income within the following categories:			
Sales revenue		**350**	–
Other revenue		**–**	(3,663)
Employee expenses		**5,707**	5,654
Freight		**91**	–
Repairs and maintenance		**–**	956
Occupancy costs		**–**	2,013
Other expenses		**6,108**	978
Finance costs		**2,333**	35
		14,589	5,973

* Gain on disposal of property is related to sale and lease-back transactions during the financial year ended 30 June 2015.

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
2c Profit before income tax			
Profit before income tax is arrived at after charging/(crediting) the following items:			
Lease rental expenses - operating leases		**21,288**	21,511
Net foreign exchange gain		**(49)**	(33)
Share-based payment plans	18	**468**	799
Net loss/(gain) on disposal of property, plant and equipment		**256**	(3,639)
(Reversal)/impairment of plant and equipment	2(b)	**(230)**	583
Impairment of Dick Smith trade receivable	2(b)	**3,894**	–
Bad debt provision movement	5(a)	**(96)**	(114)

		2016 $	2015 $
2d Auditors' remuneration			
Auditor of the parent entity			
Auditing the accounts		**278,460**	273,000
Other services			
- Taxation and related advisory services		**91,350**	66,000
		369,810	339,000
Network firm of the parent entity auditor			
Auditing the accounts		**98,238**	97,736
Other services			
- Taxation and related advisory services		**56,445**	76,125
		154,683	173,861

		2016 $'000	2015 $'000
2e Depreciation and amortisation			
Depreciation			
Leasehold improvements	9(a)	**1,027**	955
Plant and equipment	9(a)	**26,093**	29,998
Leased plant and equipment	9(a)	**–**	15
Total depreciation		**27,120**	30,968
Amortisation			
Development and licence costs	10(a)	**794**	779
Total amortisation		**794**	779
Total depreciation and amortisation		**27,914**	31,747
3 Finance costs			
Interest expense			
Bank loans and overdraft		**6,026**	8,969
Unwind of discount on long term provisions		**29**	12
Finance lease charges		**–**	1
Total interest expense		**6,055**	8,982
Fee for early termination of corporate bond	2(b)	**1,500**	–
Write off of prepaid finance costs	2(b)	**833**	–
(Gain) on interest rate swaps - realised		**(122)**	–
(Gain) on interest rate swaps - unrealised		**–**	(179)
(Gain) on swaps closed out - realised	2(b)	**–**	(155)
Interest rate swap close out costs	2(b)	**–**	190
Total finance costs		**8,266**	8,838
Interest income	2(a)	**(784)**	(500)
Net finance costs		**7,482**	8,338

YEAR ENDED 30 JUNE 2016	PMP Group 2016 $'000	PMP Group 2015 $'000
4 Income tax		
(a) Reconciliation of income tax expense		
Profit before income tax	**2,753**	11,576
Prima facie income tax expense thereon at 30% (2015: 30%)	**826**	3,473
Tax effect of non temporary and other differences:		
Non assessable income	**–**	(714)
Effect of differences in overseas tax rate	**(136)**	(240)
Income tax (over) provided in previous year	**(72)**	(140)
Non deductible items for tax purposes	**545**	740
Tax deductible items not in profit	**(436)**	–
Benefit of tax losses not brought to account	**1,841**	472
Income tax expense attributable to profit	**2,568**	3,591
Major component of income tax expense:		
Current tax expense	**223**	2,467
Deferred tax expense	**2,345**	1,124
Income tax expense attributable to profit	**2,568**	3,591
(b) Deferred tax assets and deferred tax liabilities		
At 30 June 2016 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 (2015: $nil).		
(c) Franking credits		
The amount of franking credits available are:		
Franking account balance as at the end of the financial year at 30% (2015: 30%)	**–**	1,256
Franking debits that will arise from the dividends declared subsequent to balance date but not recognised as a distribution to equity holders during the period	**–**	(1,256)
Franking account balance	**–**	–

(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 Current Year	$000 Tax effected
(e) Tax losses not brought to account		
Revenue losses	**60,188**	18,056
Capital losses	**287,293**	86,188

The benefit of these revenue losses has not been brought to account as realisation is not probable within 6 -7 years, refer to Note 11 for 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.

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
5 Receivables			
Trade debtors*		**95,237**	79,226
Provision for doubtful debts	5(a)	**(482)**	(1,458)
Net trade debtors		**94,755**	77,768
Other debtors	5(c)	**1,522**	1,065
Total current receivables		**96,277**	78,833

* 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 2016 a provision for doubtful debts of $482,000 (2015: $1,458,000) 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:

	NOTES	2016 $'000	2015 $'000
Balance as at 1 July		**1,458**	2,573
Provision for doubtful debts recognised	2(c)	**1,498**	413
Amounts written off		**(880)**	(1,001)
Amounts recovered	2(c)	**—**	(50)
Unused amount reversed	2(c)	**(1,609)**	(463)
Net foreign currency translation difference	2(c)	**15**	(14)
Balance at 30 June		**482**	1,458

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 Consolidated 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 2016 there were $23,046,000 (2015: $9,950,000) of trade receivables in the PMP Group past due but not impaired.

The aging analysis of these trade receivables is as follows:

	2016 $'000	2015 $'000
Past due 1 - 30 days	**20,091**	8,291
Past due 31 - 60 days	**1,858**	1,416
Past due 61 - 90 days	**482**	209
Past due greater than 90 days	**615**	34
	23,046	9,950

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 do not contain impaired assets and are not past due. Collateral is not usually obtained.

		PMP Group	
YEAR ENDED 30 JUNE 2016	NOTES	2016 $'000	2015 $'000
6 Inventories			
Raw materials, spare parts and stores at cost		**39,846**	38,623
Less: provision for diminution		**(774)**	(1,870)
Net raw materials, spare parts and stores		**39,072**	36,753
Finished goods at cost		**44,213**	30,677
Work in progress at cost		**2,317**	2,339
Total current inventories		**85,602**	69,769
7 Other assets			
Current other assets			
Prepayments		**2,465**	4,501
Total current other assets		**2,465**	4,501
Non-current other assets			
Shares in other entities - unlisted at cost		**280**	280
Write-down of shares in other entities to realisable value		**(40)**	(40)
Defined benefit plan asset	22	**1,687**	1,811
Other assets		**1,145**	2,042
Total non-current other assets		**3,072**	4,093
8 Non-current assets classified as held for sale			
Plant and equipment	8(a)	**–**	–
Total non-current assets classified as held for sale		**–**	–
(a) Reconciliation			
Carrying amount at beginning of year		**–**	4,136
Disposal of assets no longer classified as held for sale		**–**	(4,136)
Carrying amount at end of year		**–**	–

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
9 Property, plant and equipment			
Leasehold improvements			
At cost		**12,411**	12,035
Accumulated depreciation		**(6,467)**	(5,596)
Accumulated impairment		**(422)**	(446)
Net leasehold improvements	9(a)	**5,522**	5,993
Plant and equipment			
At cost		**608,468**	634,089
Accumulated depreciation		**(437,625)**	(434,497)
Accumulated impairment		**(20,421)**	(26,728)
Net plant and equipment	9(a)	**150,422**	172,864
Leased plant and equipment			
At cost		**364**	354
Accumulated depreciation		**(364)**	(354)
Net leased plant and equipment	9(a)	**–**	–
Total net property, plant and equipment	9(a)	**155,944**	178,857
(a) Reconciliations			
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:			
Leasehold improvements			
Carrying amount at beginning of year		**5,993**	6,314
Additions		**–**	819
Disposals		**–**	(5)
Transfer from other fixed asset category		**283**	–
Depreciation	2(e)	**(1,027)**	(955)
Net foreign currency translation difference		**273**	(180)
Carrying amount at end of year		**5,522**	5,993
Plant and equipment			
Carrying amount at beginning of year		**172,864**	201,064
Additions		**4,275**	4,505
Disposals		**(2,654)**	(922)
Impairment reversal/(charge)	2(b), 2(c), 9(b)	**230**	(583)
Transfer (to) other fixed asset category		**(283)**	–
Depreciation	2(e)	**(26,093)**	(29,998)
Credited/(Expensed) to the profit and loss		**159**	(66)
Net foreign currency translation difference		**1,924**	(1,136)
Carrying amount at end of year		**150,422**	172,864
Leased plant and equipment			
Carrying amount at beginning of year		**–**	15
Depreciation	2(e)	**–**	(15)
Carrying amount at end of year		**–**	–
Total net property, plant and equipment		**155,944**	178,857
(b) Impairment			
(Reversal)/impairment of plant and equipment	2(b), 2(c)	**(230)**	583
		(230)	583

The $0.2 million impairment reversal, relates to equipment in New Zealand which will now be utilised for its remaining useful life.

The $0.6 million of impairment in the 2015 financial year, related to the write down of individual items of plant and equipment in PMP Australia.

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
10 Goodwill and intangible assets			
Development and licence costs			
At cost		**4,819**	4,819
Accumulated amortisation		**(3,854)**	(3,060)
Closing net book amount	10(a)	**965**	1,759
Goodwill (indefinite useful life)			
At cost		**98,760**	98,760
Accumulated impairment		**(75,224)**	(75,224)
Net foreign currency translation difference		**3,013**	1,547
Closing net book amount	10(a)	**26,549**	25,083
Total net intangibles	10(a)	**27,514**	26,842
(a) Reconciliations			
Development and licence costs			
Carrying amount at beginning of year		**1,759**	2,460
Additions		**–**	78
Amortisation	2(e)	**(794)**	(779)
Carrying amount at end of year		**965**	1,759
Goodwill (indefinite useful life)			
Carrying amount at beginning of year		**25,083**	25,955
Net foreign currency translation difference		**1,466**	(872)
Carrying amount at end of year	10(b)	**26,549**	25,083
Total net intangibles		**27,514**	26,842
(b) Impairment testing of goodwill			
Carrying amount of goodwill allocated to each cash generating unit:			
Griffin Press printing - Australia		**5,015**	5,015
Maxum and heat-set web printing - New Zealand*		**19,439**	18,115
Distribution - New Zealand		**2,095**	1,953
Total goodwill	10(a)	**26,549**	25,083

* 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 2016 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.

Fair value less costs of disposal

The recoverable amount of the cash generating units, PMP Australia, Griffin Press and Gordon & Gotch - New Zealand, 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 AASB 13. 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% for the respective CGUs, it is unlikely that there will be an impairment.

YEAR ENDED 30 JUNE 2016

10 Goodwill and intangible assets (continued)

(b) Impairment testing of goodwill (continued)

Value in use

The recoverable amount of the cash generating units, Maxum and heat-set web printing – New Zealand, Gordon & Gotch - Australia and Distribution – New Zealand 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 below.

The Directors believe that sensitivity analyses performed indicate that if a change in EBITDA reflected in the models were to decrease by up to 10% for the respective CGUs, it is unlikely that there will be an impairment.

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 - Maxum & heat-set web printing (New Zealand); - Distribution (New Zealand); and - Gordon & Gotch (Australia)
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans form the basis of the discounted cash flow models used for impairment testing, and are based upon past experience and future outlook. 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, five and perpetuity (where applicable) has been applied. The rate applied is based on management's assessment of the specific circumstances of that business.
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 14.2% (2015: 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; - Griffin Press; and - Gordon & Gotch (New Zealand)**
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans form the basis of the 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 working capital movements as well as future uncommitted restructurings and benefits associated with those future restructurings. Includes costs to sell cash outflow of 1.5%. An annual growth rate of 0% has been applied.
Post-tax discount rate	The post-tax discount rate applied to the cash flows was 10.0% (2015: 11%).

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
11 Deferred tax			
Deferred tax assets			
Temporary differences:			
- Provisions/accruals		**10,575**	12,008
- Property, plant and equipment		**1,227**	458
- Cash flow hedges		**396**	–
- Other assets		**(1,069)**	–
Tax losses		**38,206**	40,327
Total deferred tax assets	11(a)	**49,335**	52,793
Deferred tax liabilities			
Temporary differences:			
- Other assets		**–**	1,751
- Cash flow hedges		**–**	94
Total deferred tax liabilities	11(a)	**–**	1,845

YEAR ENDED 30 JUNE 2016	Provisions/ Accruals $000	Other Assets $000	Property, Plant and Equipment $000	Cash flow hedges $000	Tax losses $000	Total $000
11 Deferred tax (continued)						
(a) Movements in deferred tax assets						
At 1 July 2014	13,946	–	–	777	43,474	58,197
(Charged)/credited						
- to profit or loss	(1,873)	–	1,277	–	90	(506)
- to other comprehensive income	–	–	–	–	–	–
- foreign cur rency translation reserve	(65)	–	–	(9)	(356)	(430)
Adjustment for reallocation of opening balance	–	–	(819)	(768)	–	(1,587)
Adjustment of prior year losses	–	–	–	–	(220)	(220)
Utilisation of tax losses	–	–	–	–	(2,661)	(2,661)
At 30 June 2015	12,008	–	458	–	40,327	52,793
(Charged)/credited						
- to profit or loss	**(1,537)**	**619**	**303**	**–**	**–**	**(615)**
- to other comprehensive income	**–**	**63**	**–**	**497**	**–**	**560**
- foreign currency translation reserve	**104**	**–**	**(58)**	**(7)**	**402**	**441**
Adjustment for reallocation of opening balance	**–**	**(1,751)**	**–**	**(94)**	**–**	**(1,845)**
Adjustment of prior year losses	**–**	**–**	**524**	**–**	**(524)**	**–**
Utilisation of tax losses	**–**	**–**	**–**	**–**	**(1,999)**	**(1,999)**
At 30 June 2016	**10,575**	**(1,069)**	**1,227**	**396**	**38,206**	**49,335**

	Property, Plant and Equipment $000	Cash flow hedges $000	Other Assets $000	Total $000
Movements in deferred tax liabilities				
At 1 July 2014	(892)	–	(1,643)	(2,535)
(Charged)/credited				
- to profit or loss	–	–	(146)	(146)
- to other comprehensive income	–	(862)	38	(824)
- foreign currency translation reserve	73	–	–	73
Adjustment for reallocation of opening balance	819	768	–	1,587
At 30 June 2015	–	(94)	(1,751)	(1,845)
(Charged)/credited				
- to profit or loss	**–**	**–**	**–**	**–**
- to other comprehensive income	**–**	**–**	**–**	**–**
- foreign currency translation reserve	**–**	**–**	**–**	**–**
Adjustment for reallocation of opening balance	**–**	**94**	**1,751**	**1,845**
At 30 June 2016	**–**	**–**	**–**	**–**

(b) Deferred tax losses

Tax losses in Australia have increased from $0.5 million in 2015 to $1.8 million for the year to 30 June 2016 mainly due to lower net profit after income tax and the reversal of prior year temporary differences (including tax losses on the sale of previously impaired plant). The Directors considered it prudent to not recognise $18.1 million of tax losses (equating to prior year Australian tax losses of $16.3 million and $1.8 million forecast 2016 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 $34.8 million, attributable to tax losses, is supportable given the level of redundancy costs incurred in the previous years are not expected to reoccur and PMP is forecasting future tax profits from the 2017 financial year onwards, making it probable that the tax losses will be recouped over a period of 6 to 7 years (as with 2015). This position will be reassessed on an ongoing basis.

The New Zealand deferred tax asset value of $3.4 million, attributable to tax losses (which were partly recouped this year), are expected to be fully recouped over a period of 2 years.

YEAR ENDED 30 JUNE 2016	PMP Group 2016 $'000	PMP Group 2015 $'000
12 Payables		
Current payables		
Creditors - unsecured		
Trade creditors and accruals *	**138,363**	106,402^
Interest payable	**1,008**	1,085
Total current payables	**139,371**	107,487

* Trade creditors are non-interest bearing, and are on normal commercial terms.

^ GST asset $1.5 million from prior period no longer recoverable.
This has been taken as an adjustment to opening accumulated losses and payables.

	2016 $'000	2015 $'000
13 Interest bearing liabilities		
(a) Current interest bearing liabilities - financial institutions		
Secured		
Bank loans - repayable in: Euros *	**2,968**	2,887
Other		
Prepaid finance costs	**(450)**	(578)
Total current interest bearing liabilities - financial institutions	**2,518**	2,309
(b) Non-current interest bearing liabilities - financial institutions		
Secured		
Bank loans - repayable in: Euros *	**13,353**	15,878
Unsecured		
Corporate bond	**40,000**	50,000
Other		
Prepaid finance costs	**(1,365)**	(1,523)
Total non-current interest bearing liabilities - financial institutions	**51,988**	64,355

* Represents Euro denominated loan of 10.9 million (2015: 12.9 million) measured at the exchange rate prevailing at balance date.

YEAR ENDED 30 JUNE 2016	Facility $'000s	Drawn $'000s	Available $'000s
13 Interest bearing liabilities (continued)			
(c) Interest bearing liabilities - facility details			
Facility details:			
2016			
Secured			
Overdraft facility	**9,793**	**–**	**9,793**
Export finance facility *	**16,321**	**16,321**	**–**
Unsecured			
Corporate Bond	**40,000**	**40,000**	**–**
Total facilities	**66,114**	**56,321**	**9,793**
2015			
Secured			
Overdraft facility	14,467	–	14,467
Revolving facility	533	–	533
Export finance facility *	18,765	18,765	–
Unsecured			
Corporate Bond	50,000	50,000	–
Total facilities	83,765	68,765	15,000

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

(d) Terms and conditions

PMP entered into a fully secured $5 million Australian Dollar and $5 million New Zealand Dollar Overdraft Facility in February 2016 replacing the previous Overdraft and a Revolving facility. A bank guarantee facility is also provided in conjunction with the overdraft facilities. These facilities are subject to annual reviews with next review due by 4 February 2017. ANZ Banking Group is the lender. Security pledged involves a first ranking fixed and floating charge over the assets of PMP, including the subsidiaries in Australia and New Zealand. The facilities are subject to a number of financial covenants, including the PMP Group being measured against a maximum Debt/EBITDA ratio and a minimum Fixed Charge Ratio. The facilities are also subject to the warranties and conditions of the agreement during the term of it 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 2016, this loan was fully drawn and after amortisation payments had a balance of Euro 10.9 million. This facility has a maturity date of 30 September 2021 with semi-annual amortisations. The lender is Commerzbank AG.

PMP issued an unsecured $40 million corporate bond on 17 September 2015 replacing the previous $50 million corporate bond which has been repaid. This new bond has a fixed coupon of 6.43% 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, a maximum Net Debt/EBITDA ratio and a minimum EBITDA/Interest ratio. Capital Management restrictions also apply which limits payouts to 100% of NPAT before significant items.

Notes 27(b)&(c) specifies interest rate details relating to the PMP Group borrowing facilities and other interest rate and liquidity risk exposure.

YEAR ENDED 30 JUNE 2016

13 Interest bearing liabilities (continued)

(e) Net debt

PMP has taken out a cross currency swap to exchange the Euro 10.9 million (2015: Euro 12.9 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 $13.4 million (2015: $15.9 million) has been used.

			PMP Group	
YEAR ENDED 30 JUNE 2016		NOTES	2016 $'000	2015 $'000
Cash			**(54,103)**	(49,529)
Corporate Bond	repayable in Australian dollars		**40,000**	50,000
Bank loans	repayable in Euros - measured at the exchange rate prevailing at balance date		**16,321**	18,765
Cross currency swap revaluation	adjusted to measure the loan at the hedged fixed rate of the Australian obligation		**(2,894)**	(2,897)
Net (cash)/debt			**(676)**	16,339
14 Provisions				
(a) Current provisions				
Employee entitlements			**17,272**	17,498
Other		14(b)	**737**	1,060
Total current provisions			**18,009**	18,558
Non-current provisions				
Employee entitlements			**1,549**	1,617
Other		14(b)	**2,970**	2,580
Total non-current provisions			**4,519**	4,197
Total provisions			**22,528**	22,755

YEAR ENDED 30 JUNE 2016

14 Provisions (continued)

(b) Movements in provisions

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

	Restructure	Make good	Onerous leases & contracts	Lease Incentive	Other	Total
	$000	$000	$000	$000	$000	$000
Current						
Carrying amount at start of year	15	–	111	586	348	1,060
Charged/(credited) to profit or loss						
- additional provisions recognised	–	46	16	206	435	703
- unused amounts reversed	(15)	–	(4)	(72)	(294)	(385)
Amounts used during the period	–	–	(115)	(175)	(382)	(672)
Net foreign translation difference	–	–	8	21	2	31
Carrying amount at end of year	**–**	**46**	**16**	**566**	**109**	**737**
Non-Current						
Carrying amount at start of year		1,116	14	1,450	–	2,580
Charged/(credited) to profit or loss						
- additional provisions recognised		299	–	379	–	678
- unused amounts reversed		(99)	–		–	(99)
Amounts used during the period		–	(14)	(324)	–	(338)
Net foreign translation difference		51	–	98	–	149
Carrying amount at end of year		**1,367**	**–**	**1,603**	**–**	**2,970**

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
15 Financial assets and financial liabilities			
Current financial assets			
Forward currency contracts	27(d)(iv)	**49**	1,815
Cross currency swaps	27(b)(iii)	**199**	63
Total current financial assets		**248**	1,878
Non-current financial assets			
Cross currency swaps	27(b)(iii)	**2,381**	2,360
Total non-current financial assets		**2,381**	2,360
Total financial assets		**2,629**	4,238
Current financial liabilities			
Forward currency contracts	27(d)(iv)	**1,093**	28
Interest rate swaps	27(b)(ii)	**–**	122
Total current financial liabilities		**1,093**	150
Non-current financial liabilities			
Forward currency contracts	27(d)(iv)	**12**	–
Total non-current financial liabilities		**12**	–
Total financial liabilities		**1,105**	150

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.

	Number			PMP Group	
YEAR ENDED 30 JUNE 2016	2016 '000	2015 '000	NOTES	2016 $'000	2015 $'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
Share movements in respect of:					
- Share-based payments	**2,487**	–		**1,333**	–
- Share buy-back	**(8,096)**	–		**(4,141)**	–
Balance at 30 June - ordinary shares	**318,172**	323,781		**353,227**	356,035

As at 25 August 2015, following the announcement of the result to 30 June 2015 to the ASX, the performance rights issued in October 2012 to the CEO and eligible executives under the PMP Long Term Incentive Plan were exercised. Half of the vested rights were cash settled and half were settled via the issue of 2,486,565 shares. These shares were subject to a six month holding lock.

On 17 September 2015, PMP announced its intention to undertake an on market buy-back from 23 November 2015 to 30 June 2016. The maximum number of shares that could be bought back would equate to $8.1 million. During this period 8,095,974 shares were bought back which equated to $4.1 million. All shares bought back were cancelled.

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

	NOTES	2016 $'000	2015 $'000
17 Dividends			
Final dividend			
Final dividend for the year ended 30 June 2015 of 1.8 cents, 50% franked paid on 6 October 2015		**5,873**	–
Interim dividend			
Interim dividend for the year ended 30 June 2016 of 1.2 cents (2015: $nil cents), unfranked paid on 6 April 2016		**3,842**	–
Total dividends declared		**9,715**	–
18 Reserves			
Foreign currency translation reserve			
Opening balance		**6,618**	10,037
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities		**4,873**	(3,419)
Total foreign currency translation reserve		**11,491**	6,618
Share-based payment reserve			
Opening balance		**1,737**	1,278
Movement in reserve relating to:			
- Share-based payment expense	2(c)	**468**	799
- Issue of shares on exercise		**(1,333)**	–
- Cash paid on exercise		**(1,333)**	–
- Transfer to accumulated losses		**2,104**	(198)
- Purchase of shares		**(120)**	(142)
Total share-based payment reserve		**1,523**	1,737
Cash flow hedge reserve			
Opening balance		**241**	(1,859)
Movement in reserve relating to:			
- Cash flow hedge		**(1,682)**	2,971
- Tax effect of cash flow hedge net loss/(gain)		**490**	(871)
Total cash flow hedge reserve		**(951)**	241
Total reserves		**12,063**	8,596

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
19 Commitments			
The following commitments are not reflected in the balance sheet and are payable as follows:			
(a) Capital expenditure (i):			
- not later than one year		**64**	855
- later than one year but not later than five years		**–**	–
Total capital expenditure		**64**	855
(b) Operating lease rentals - Group as lessee (ii)/(iv):			
- not later than one year		**21,013**	17,777
- later than one year but not later than five years		**77,521**	65,618
- later than five years		**39,995**	45,190
Total operating lease rentals		**138,529**	128,585
(c) Operating lease rentals - Group as lessor (iii):			
- not later than one year		**(312)**	(599)
- later than one year but not later than five years		**–**	(233)
Total operating lease rentals		**(312)**	(832)
Total net commitments for expenditure		**138,281**	128,608

(i) At 30 June 2016 and 30 June 2015 the Group capital expenditure commitments relate to the acquisition of new plant and equipment.

(ii) 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.

(iii) Operating leases are entered into to sub-lease surplus office space. Rentals include fixed and inflation escalation clauses.

(iv) 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. As at 30 June 2016 the value of bank guarantees was $17.2 million (2015: $16.8 million). The company has not issued any guarantees for properties where it is not the lessee.

YEAR ENDED 30 JUNE 2016	Country of Incorporation	NOTES	Interest held 2016 %	Interest held 2015 %
20 Controlled entities (c)				
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	(d)	**–**	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) Notes on the closed group:
- PMP Limited is the ultimate parent company of the PMP Group.
- All companies have ordinary share capital.

(d) Pacific Intermedia (NZ) Limited was a dormant entity that was de-registered and removed from the New Zealand Companies Register in June 2016.

YEAR ENDED 30 JUNE 2016	2016 $'000	2015 $'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 profit or loss and other comprehensive income of the closed group		
Sales revenue	**680,071**	660,766
Other revenue	**16,986**	21,231
Revenue	**697,057**	681,997
Raw materials and consumables used	**(107,043)**	(145,156)
Cost of finished goods sold	**(302,147)**	(231,420)
Employee expenses	**(179,033)**	(184,659)
Outside production services	**(11,553)**	(13,651)
Freight	**(22,133)**	(16,419)
Repairs and maintenance	**(8,737)**	(13,264)
Occupancy costs	**(14,903)**	(17,884)
Other expenses	**(16,963)**	(12,276)
Profit before depreciation, amortisation, finance costs and income tax	**34,545**	47,268
Depreciation and amortisation	**(21,487)**	(24,305)
Profit before finance costs and income tax	**13,058**	22,963
Finance costs	**(7,983)**	(6,925)
Profit before income tax	**5,075**	16,038
Income tax expense	**(546)**	(1,638)
Net gain attributable to members of the closed group	**4,529**	14,400

YEAR ENDED 30 JUNE 2016	NOTES	2016 $'000	2015 $'000
20 Controlled entities (continued)			
Statement of financial position of the closed group			
Current assets			
Cash and cash equivalents		**47,346**	40,214
Receivables		**80,217**	63,858
Inventories		**72,155**	59,663
Financial assets		**248**	1,269
Other		**1,928**	4,381
Total current assets		**201,894**	169,385
Non-current assets			
Property, plant and equipment		**125,085**	144,852
Deferred tax assets		**44,713**	46,660
Goodwill and intangible assets		**5,980**	6,775
Financial assets		**2,381**	2,360
Other		**69,096**	74,810
Total non-current assets		**247,255**	275,457
Total assets		**449,149**	444,842
Current liabilities			
Payables		**116,719**	87,837
Interest bearing liabilities - financial institutions		**2,518**	2,309
Income tax payable		**3**	–
Financial liabilities		**651**	150
Provisions		**15,298**	15,794
Total current liabilities		**135,189**	106,090
Non-current liabilities			
Interest bearing liabilities - financial institutions		**51,988**	64,355
Deferred tax liabilities		**–**	1,750
Financial liabilities		**12**	–
Provisions		**2,541**	2,106
Total non-current liabilities		**54,541**	68,211
Total liabilities		**189,730**	174,301
Net assets		**259,419**	270,541
Equity			
Contributed equity		**353,227**	356,035
Reserves		**856**	1,733
Accumulated losses		**(94,664)**	(87,227)
Total equity		**259,419**	270,541

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 group similar operations or geographic locations.

PMP Australia includes all of the Print businesses in Australia namely, Heat-set and Griffin Press and also includes Distribution and Digital Premedia. Gordon and Gotch (G&G) 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 revenue and results

The following is an analysis of the Group's revenue and results by reportable segment for the periods presented:

	PMP Australia (excl. G&G)		Gordon and Gotch Australia		New Zealand		Corporate		Consolidated	
(a) Operating Segments	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue										
Sales revenue	**334,989**	392,281	**345,763**	268,485	**135,577**	150,916	**–**	–	**816,329**	811,682
Sales revenue significant item	**(350)**	–	**–**	–	**–**	–	**–**	–	**(350)**	–
Other revenue	**–**	31	**2,547**	2,034	**993**	636	**597**	1,788	**4,137**	4,489
Other revenue significant items	**–**	–	**–**	–	**–**	3,667	**–**	–	**–**	3,667
Total revenue	**334,639**	392,312	**348,310**	270,519	**136,570**	155,219	**597**	1,788	**820,116**	819,838
EBITDA* before significant items	**37,058**	41,318	**2,861**	3,475	**14,995**	18,564	**(3,725)**	(5,258)	**51,189**	58,099
Depreciation and amortisation	**(20,602)**	(23,229)	**(512)**	(466)	**(6,426)**	(7,439)	**(374)**	(613)	**(27,914)**	(31,747)
EBIT~ before significant items	**16,456**	18,089	**2,349**	3,009	**8,569**	11,125	**(4,099)**	(5,871)	**23,275**	26,352
Significant items before income tax	**(9,639)**	(8,360)	**(813)**	(66)	**(1,464)**	2,807	**(340)**	(319)	**(12,256)**	(5,938)
Segment EBIT after significant items	**6,817**	9,729	**1,536**	2,943	**7,105**	13,932	**(4,439)**	(6,190)	**11,019**	20,414
Significant items - Finance costs									**(2,333)**	(35)
Finance costs									**(5,933)**	(8,803)
Consolidated entity profit before income tax									**2,753**	11,576
Income tax (expense)									**(2,568)**	(3,591)
Net profit after income tax									**185**	7,985

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

21 Segmental information (continued)

(b) Significant items by operating segments	PMP Australia (excl. G&G)		Gordon and Gotch Australia		New Zealand		Corporate		Consolidated	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Significant items of revenue										
Sales revenue	**(350)**	–	**–**	–	**–**	–	**–**	–	**(350)**	–
Gain on disposal of plant and equipment, and non-current assets classified as held for sale	**–**	–	**–**	–	**–**	17	**–**	–	**–**	17
Gain on disposal of property	**–**	–	**–**	–	**–**	3,650	**–**	–	**–**	3,650
Total segment significant items of revenue	**(350)**	–	**–**	–	**–**	3,667	**–**	–	**(350)**	3,667
Significant items of expense										
Restructure initiatives and other one off costs	**(5,814)**	(7,773)	**(813)**	(66)	**(1,051)**	(860)	**(340)**	(319)	**(8,018)**	(9,018)
Loss on disposal of plant and equipment	**(224)**	(4)	**–**	–	**–**	–	**–**	–	**(224)**	(4)
Impairment of Dick Smith trade receivable	**(3,251)**	–	**–**	–	**(643)**	–	**–**	–	**(3,894)**	–
Reversal/(impairment) of plant and eqipment due to restructure initiatives	**–**	(583)	**–**	–	**230**	–	**–**	–	**230**	(583)
Total segment significant items of expense	**(9,289)**	(8,360)	**(813)**	(66)	**(1,464)**	(860)	**(340)**	(319)	**(11,906)**	(9,605)
Total segment significant items before income tax	**(9,639)**	(8,360)	**(813)**	(66)	**(1,464)**	2,807	**(340)**	(319)	**(12,256)**	(5,938)
Significant items - finance costs										
Finance costs	**–**	–	**–**	–	**–**	–	**(2,333)**	(35)	**(2,333)**	(35)
Total significant items - finance costs	**–**	–	**–**	–	**–**	–	**(2,333)**	(35)	**(2,333)**	(35)

21 Segmental information (continued)

(c) Other segment information

	Australia		New Zealand		Consolidated	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
i) Geographic Segments						
Sales revenue	**680,752**	660,766	**135,577**	150,916	**816,329**	811,682
Sales revenue significant item	**(350)**	–	**–**	–	**(350)**	–
Other revenue	**3,144**	3,853	**993**	636	**4,137**	4,489
Other revenue significant items	**–**	–	**–**	3,667	**–**	3,667
Total revenue	**683,546**	664,619	**136,570**	155,219	**820,116**	819,838
Non-current assets (excluding deferred tax assets and defined benefit plan asset)	**134,866**	156,300	**52,358**	54,041	**187,224**	210,341

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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue										
Sales revenue	**333,050**	407,074	**103,501**	101,418	**372,186**	294,922	**7,592**	8,268	**816,329**	811,682
Sales revenue significant item	**(350)**	–	**–**	–	**–**	–	**–**	–	**(350)**	–
Total revenue	**332,700**	407,074	**103,501**	101,418	**372,186**	294,922	**7,592**	8,268	**815,979**	811,682

iii) Major customers

Included in the PMP Australia, Gordon & Gotch Australia and New Zealand segments are sales revenue of approximately $101.3 million which arose from sales to the Group's largest customer (2015: The sales revenue from this customer was less than 10% of the Group's total revenue). No other single customer contributed 10% or more to the Group's revenue.

YEAR ENDED 30 JUNE 2016

22 Pension plans

The PMP Group contributes to a defined benefit fund and 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 2016 totalled $7,499,055 (2015: $7,797,412).

Accumulation funds

Contribution obligations in respect of each accumulation fund for the year to 30 June 2016 was 9.5% (2015: 9.5%) 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.

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
22 Pension plans (continued)			
(a) Statement of financial position impact			
Defined benefit obligation		**(10,939)**	(11,969)
Less: fair value of plan assets		**12,626**	13,780
Net defined benefit plan asset	7	**1,687**	1,811
(b) Movement in net defined benefit plan asset			
Net defined benefit plan asset at start of year		**1,811**	1,374
Defined benefit plan cost		**(200)**	(251)
Remeasurements recognised in other comprehensive income		**(210)**	(125)
Employer contributions		**286**	813
Net defined benefit plan asset	7	**1,687**	1,811
(c) Reconciliation of the net defined benefit plan asset			
Net defined benefit plan asset at start of year		**1,811**	1,374
Current service cost		**(269)**	(325)
Net interest		**69**	74
Actual return on plan assets less interest income		**(597)**	856
Losses arising from changes in demographic assumptions		**–**	(5)
Actuarial gains/(losses) arising from changes in financial assumptions		**112**	(49)
Actuarial gains/(losses) arising from liability experience		**275**	(927)
Employer contributions		**286**	813
Net defined benefit plan asset at end of year	7	**1,687**	1,811

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.

YEAR ENDED 30 JUNE 2016

23 Share-based payment plans

(a) Employee long term incentive plan

Ordinary shares up to 5.0% (2015: 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:	77,548,579
Total number of employee performance rights issued as at balance date:	8,368,857
Rights on issue (as a percentage of total shares on issue) as at 30 June 2016:	2.63%
Total number of employee performance rights issued during the year:	4,815,232
Total number of employee performance rights issued post balance date:	–

(i) Performance rights

Allotment Date	1/10/2012 (i)	1/10/2013 (ii)	1/10/2014 (iii)	1/10/2015 (iv)	1/6/2016 (v)	Total Number
On issue at beginning of year	7,439,823	3,011,791	1,495,017	–	–	11,946,631
Issued during the year	–	–	–	3,000,000	1,815,232	4,815,232
Exercised during the year	(4,973,127)	–	–	–	–	(4,973,127)
Lapsed during the year	(2,466,696)	(856,574)	(96,609)	–	–	(3,419,879)
On issue at end of year	**–**	**2,155,217**	**1,398,408**	**3,000,000**	**1,815,232**	**8,368,857**
Lapsed subsequent to balance date*	–	(269,402)	–	–	–	(269,402)
Outstanding at date of Directors' report	–	1,885,815	1,398,408	3,000,000	1,815,232	8,099,455
Number of participants (at balance date)	–	6	5	1	8	
Vesting date (Following the announcement of the)	FY15 results	FY16 results	FY17 results	FY18 results	FY18 results	
Fair value per right - TSR hurdle (vi)	$0.06	$0.42	$0.34	$0.30	$0.30	
Fair value per right - EBITDA hurdle (vi)	$0.16	$0.47	$0.47	$0.451	$0.48	

* 269,402 performance rights lapsed due to performance hurdles not being met over the performance period.

(i) In October 2012, 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 ($0.16). 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 cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY13, FY14 and FY15 as follows:

- PMP's Total Shareholder Return (TSR) over the three year performance period comprising FY13, FY14 and FY15 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 FY13, FY14 and FY15 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 EBTIDA range.

As at 25 August 2015, following the announcement of the results to 30 June 2015 to the ASX, relevant performance hurdles for the 3 year period to 30 June 2015 were met resulting in 4,973,127 rights vesting, being 2,841,787 TSR rights and 2,131,340 EBITDA rights.

YEAR ENDED 30 JUNE 2016

23 Share-based payment plans (continued)

(a) Employee long term incentive plan (continued)

(ii) 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 (i) are achieved across the following three years FY14, FY15 and FY16.

As at 29 August 2016, following the announcement of the results to 30 June 2016 to the ASX, relevant performance hurdles for the 3 year period to 30 June 2016 were met resulting in 1,885,815 rights vesting, being 1,077,609 TSR rights and 808,206 EBITDA rights.

(iii) In October 2014, 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 ($0.48).

Performance rights entitle participants to receive PMP shares for nil costing after vesting. Rights will only vest if relevant performance hurdles described in (i) are achieved across the following three years FY15, FY16 and FY17.

(iv) In October 2015, 3,000,000 rights were granted conditionally to PMP Chief Executive Officer and Managing Director, Mr Peter George. This grant was approved by shareholders at the 2015 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 (i) are achieved across the following three years FY16, FY17 and FY18.

(v) In June 2016, 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 ($0.55).

Performance rights entitle participants to receive PMP shares for nil costing after vesting. Rights will only vest if relevant performance hurdles described in (i) are achieved across the following three years FY16, FY17 and FY18.

(vi) 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 EBITDA performance condition.

The following table lists the inputs to the models used to value the rights granted:

	1/10/2012	1/10/2013	1/10/2014	1/10/2015 - CEO	1/6/2016 - Executives
Dividend yield	0.00%	0.00%	0.00%	6.00%	6.00%
Expected volatility	60%	60%	50%	45%	40%
Risk-free interest rate	2.81%	3.11%	2.54%	2.20%	1.60%
Correlation	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.	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	$0.16	$0.47	$0.47	$0.53	$0.54

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

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

(i) Mr Peter George, PMP CEO and Managing Director has a 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%)

No STI payment was made for the 2016 financial year (2015: $360,000). 33.3% of the 2014/2015 STI being $119,880 was used to purchase 219,600 shares on-market during 2015/2016. Shares vested to Mr Peter George 12 months after the 2015 financial year.

YEAR ENDED 30 JUNE 2016

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	
	2016 $	2015 $
Short-term employee benefits (1)	**2,051,956**	2,914,853
Other long-term employee benefits (2)	**13,544**	(937)
Post employment benefits	**141,965**	139,294
Termination payments (3)	**239,321**	–
Share-based payment (4)	**560,367**	441,979
Total compensation	**3,007,153**	3,495,189

(1) No STI payable for the 2016 financial year as the EBIT hurdle was not achieved.

(2) The credit balance in 2015 relates to long service leave taken during the year.

(3) P Trainor completed his services as Managing Director of PMP (NZ) Limited on 20/11/15. New Zealand dollar termination payment converted into Australian dollars at the average profit and loss exchange rate prevailing to November 2015.

(4) 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 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:

		Transaction value for the year ended 30 June		Balance outstanding as at 30 June	
Director	Transaction	2016 $'000	2015 $'000	2016 $'000	2015 $'000
N Sparks	Catalogue printing and distribution *	914	200	23	20

* The group printed and distributed catalogues for Deals Direct part of the Grays e-Commerce Group Ltd, a company for which Naseema Sparks is a Director. 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 $506.0 million allowance for the provision of doubtful debts regarding related parties (2015: $501.4 million). PMP Limited has impaired its investment in controlled entities during the year ended 30 June 2016 by $4.2 million (2015: $56.0 million).

(f) Transactions with other related parties

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

YEAR ENDED 30 JUNE 2016	2016 Number '000	2015 Number '000
25 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	**322,126**	323,781
Effect of dilutive securities:		
Share rights *	**5,960**	–
Weighted average number of shares used in the calculation of diluted earnings per share	**328,086**	323,781

* The weighted average number of exercised/lapsed share rights included is nil (2015: nil).

2,409,108 rights outstanding as at 30 June 2016 are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2016 (2015: 11,946,631). These rights could potentially dilute basic earnings per share in the future.

	2016 $'000	2015 $'000
(b) Earnings		
Net profit after income tax	**185**	7,985
Profit used in calculating basic and diluted earnings per share	**185**	7,985

YEAR ENDED 30 JUNE 2016		NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
26 Cash flow statement notes				
(a) Reconciliation of cash flow from operating activities to operating profit after income tax				
Operating profit after income tax			**185**	7,985
Adjustments for non-cash items:				
Depreciation		2(e)	**27,120**	30,968
Amortisation		2(e)	**794**	779
(Reversal)/impairment of plant and equipment		2(b), 2(c)	**(230)**	583
(Credit)/provision for doubtful debts/bad debts written off		5(a)	**(976)**	1,115
Movement in provision for tax			**(1)**	(7)
Net loss/(gain) on disposal of property, plant and equipment		2(c)	**256**	(3,639)
Share-based payment plans		2(c), 18	**468**	799
Non-cash superannuation expense		22(b)	**200**	251
Other non-cash items			**181**	(5,643)
Change in assets and liabilities:				
Accounts receivable	(Increase)/Decrease		**(16,468)**	7,407
Inventories	(Increase)/Decrease		**(15,833)**	5,279
Liabilities	Increase/(Decrease)		**30,106**	(20,500)
Non-current assets	Decrease		**4,355**	5,374
Provision for employee benefits	(Decrease)		**(170)**	(349)
Prepayments and other assets	Decrease		**2,036**	2,757
Net cash provided from operating activities			**32,023**	33,159
(b) Reconciliation of cash and cash equivalents				
Cash and cash equivalents			**54,103**	49,529
Total cash and cash equivalents			**54,103**	49,529

YEAR ENDED 30 JUNE 2016	NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000

27 Financial instruments

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.

Categories of financial instrument:

The Group holds the following categories of financial instruments:

	NOTES	2016 $'000	2015 $'000
Financial assets			
Cash and cash equivalents	26(b)	**54,103**	49,529
Trade and other receivables	5	**96,277**	78,833
Derivative financial instruments	15	**2,629**	4,238
Other	7	**240**	240
		153,249	132,840
Financial liabilities			
Trade and other payables	12	**139,371**	107,487
Interest bearing liabilities	13(a), 13(b)	**54,506**	66,664
Derivative financial instruments	15	**1,105**	150
		194,982	174,301

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, cross currency 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; and

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.

YEAR ENDED 30 JUNE 2016

27 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 2016		30 June 2015	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans - EUR floating rate	**2.0%**	**(16,321)**	2.1%	(18,765)
Corporate Bond	**6.4%**	**(40,000)**	8.8%	(50,000)
Cross Currency Interest Rate Swaps				
- receive EUR floating rate	**1.9%**	**16,321**	2.1%	18,765
- pay AUD floating rate	**6.5%**	**(13,427)**	6.3%	(15,868)
Interest Rate Swaps (notional principal amounts)				
- receive AUD floating rate	**–**	**–**	2.1%	15,000
- pay AUD fixed rate	**–**	**–**	4.3%	(15,000)
Year end borrowing cost (excl. cash, fees & charges)	**6.4%**	**(53,427)**	8.6%	(65,868)
Cash and cash equivalents	**1.7%**	**54,103**	2.2%	49,529

As at balance date, the Group maintained floating rate borrowings of $13.4 million (2015: $0.9 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. In 2016, the average borrowing rate excluding capitalised fees and charges was 7.1% (2015: 8.5%).

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	
		2016 $'000	2015 $'000
ii) Fair value of interest rate swaps			
Australian Dollar interest rate swaps		**–**	(122)
Total fair value of interest rate swaps	15	**–**	(122)
iii) Fair value of cross currency swaps			
Australian Dollar / Euro cross currency interest rate swaps		**2,580**	2,423
Total fair value of cross currency swaps	15	**2,580**	2,423

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 2016, a $307 loss has been recorded in the Consolidated statement of profit or loss and other comprehensive income (2015: $1,500 loss).

YEAR ENDED 30 JUNE 2016

27 Financial instruments (continued)

(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 below 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.

		PMP Group					
30 June 2016		Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years
Interest bearing liabilities		$'000	$'000	$'000	$'000	$'000	$'000
Corporate Bond	- Australia	40,000	49,002	2,572	2,572	43,858	–
Bank Loans	- Euro	16,321	17,319	3,283	3,223	9,312	1,501
Cross Currency Swaps	- AUD/EURO (2)	(2,580)	(1,365)				
- inflows				(3,257)	(3,193)	(9,285)	(1,501)
- outflows				3,244	3,056	8,312	1,259
Forward FX Contracts							
- inflows		(49)	(682) (3)	(682)	–	–	–
- outflows		1,105	51,234 (3)	46,446	4,788	–	–
Prepaid finance costs		(1,815)	–				
Payables		139,371	139,371	139,371	–	–	–
Total		**192,353**	**254,879**	**190,977**	**10,446**	**52,197**	**1,259**

		PMP Group					
30 June 2015		Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years
Interest bearing liabilities		$'000	$'000	$'000	$'000	$'000	$'000
Corporate Bond	- Australia	50,000	60,938	4,375	4,375	52,188	–
Bank Loans	- Euro	18,765	20,376	3,269	3,215	9,412	4,480
Interest Rate Swaps	- Aust (1)	122	123	123	–	–	–
Cross Currency Swaps	- AUD/EURO (2)	(2,423)	(790)				
- inflows				(3,269)	(3,215)	(9,412)	(4,480)
- outflows				3,399	3,253	8,987	3,947
Forward FX Contracts							
- inflows		28	(970) (3)	(970)	–	–	–
- outflows		(1,815)	48,007 (3)	48,007	–	–	–
Prepaid finance costs		(2,101)	–				
Payables		107,487	107,487	107,487	–	–	–
Total		170,063	235,171	162,421	7,628	61,175	3,947

(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 27(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 27(b)(iii).

(3) This represents the Australian Dollar equivalents of the foreign currency payment/receipt leg of the forward foreign exchange contracts.

YEAR ENDED 30 JUNE 2016

27 Financial instruments (continued)

(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, the Great British Pound and the Japanese Yen.

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 and ink 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Euro borrowings	**16,321**	18,765	**–**	–
Cross Currency Swap	**(16,321)**	(18,765)	**–**	–
	–	–	**–**	–

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

		Average exchange rate		PMP Group	
		2016 $	2015 $	2016 $'000	2015 $'000
United States Dollars	- less than one year	**0.717**	0.822	**16,767**	9,699
United States Dollars	- one to two years	**0.731**	–	**4,788**	–
UK Pounds receivables	- less than one year	**0.517**	0.502	**(682)**	(970)
Euro	- less than one year	**0.660**	0.698	**15,458**	26,383
				36,331	35,112

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	
		2016 $	2015 $	2016 NZD $'000	2015 NZD $'000	2016 $'000	2015 $'000
United States Dollars	- less than one year	**0.692**	0.751	**6,416**	2,642	**6,151**	2,360
Euro	- less than one year	**0.592**	0.633	**5,742**	6,051	**5,504**	5,406
Japanese Yen	- less than one year	**75.660**	87.840	**2,676**	4,654	**2,566**	4,158
				14,834	13,347	**14,221**	11,924

YEAR ENDED 30 JUNE 2016

27 Financial instruments (continued)

(d) Foreign currency management (continued)

iv) Fair value of forward exchange contracts

		NOTES	PMP Group 2016 $'000	PMP Group 2015 $'000
Australian entity	- foreign exchange contracts relating to receipts		**49**	(28)
Australian entity	- foreign exchange contracts relating to payments		**(662)**	1,205
New Zealand entity	- foreign exchange contracts relating to receipts and payments		**(443)**	610
Total fair value of forward exchange contracts			**(1,056)**	1,787
Comprised of:				
Financial assets	- current	15	**49**	1,815
Financial liabilities	- current	15	**(1,093)**	(28)
Financial liabilities	- non-current	15	**(12)**	–
Total fair value of forward exchange contracts			**(1,056)**	1,787

At 30 June 2016, a $0.7 million debit (2015: $1.0 million credit) has been recognised within the Consolidated statement of profit or loss and other comprehensive income and a $1.0 million debit, excluding tax effect (2015: $0.8 million credit) is included within the cash flow hedge reserve in equity. $0.1 million debit was transferred to inventory during the financial year ended 30 June 2016 (2015: $0.3 million credit).

YEAR ENDED 30 JUNE 2016

27 Financial instruments (continued)

(d) Foreign currency management (continued)

v) Foreign currency sensitivity risk

The following table shows the effect on equity excluding tax effect as at 30 June from a 10 percent 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 percent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a 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	0.745	0.819	0.677
Euro	0.671	0.738	0.610
New Zealand dollar to:			
United States dollar	0.714	0.785	0.649
Euro	0.643	0.707	0.584
Japanese Yen	73.7	81.0	67.0

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 Consolidated 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	
	2016 $000	2015 $000
If there was a 10% increase in exchange rates with all other variables held constant - (decrease)	**(4,716)**	(4,409)
If there was a 10% decrease in exchange rates with all other variables held constant - increase	**3,697**	2,141

The impact on the parent, 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.

YEAR ENDED 30 JUNE 2016

27 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 cash flow requirements;
- Listed comparables and market expectations; and
- 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, and at 30 June 2016 was at 0 times
- EBITDA (before significant items) to borrowing costs of greater than 4.0 times, and at 30 June 2016 was at 8.5 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 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	**–**	**(1,056)**	**–**	**(1,056)**
Cross Currency Swaps	**–**	**2,580**	**–**	**2,580**
Total financial derivatives	**–**	**1,524**	**–**	**1,524**

PMP Group - 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	–	1,787	–	1,787
Cross Currency Swaps	–	2,423	–	2,423
Financial derivatives at fair value through profit or loss				
Interest Rate Swaps	–	(122)	–	(122)
Total financial derivatives	–	4,088	–	4,088

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. Interest rate swaps, cross currency swaps and forward foreign exchange contracts are valued using a discounted cash flow approach. Future cash flows are estimated based on market forward interest rates (and foreign exchange rates for cross currency swaps and forward foreign exchange contracts) as at the end of the reporting period and the contract rates, discounted at a rate that reflects the credit risk of the various respective counterparties. These instruments are included in Level 2.

YEAR ENDED 30 JUNE 2016

28 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.

29 Subsequent events

Since the balance date, the Directors have declared a final dividend of 2.4 cents per fully paid ordinary share, unfranked. The aggregate amount of the proposed dividend expected to be paid on the 7 October 2016, but not recognised as a liability at 30 June 2016, is $7.7 million.

Other than the matter raised above, 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.

YEAR ENDED 30 JUNE 2016	NOTES	PMP Limited 2016 $'000	PMP Limited 2015 $'000
30 Parent			
As at, and throughout the 2016 financial year, the parent company of PMP Group was PMP Limited.			
Financial performance of the parent			
Profit after tax		**208**	50,131
Other comprehensive (expense)		**(147)**	(87)
Total comprehensive income		**61**	50,044
Financial position of the parent at year end			
Current assets		**73,013**	84,494
Non-current assets		**247,797**	251,912
Total assets		**320,810**	336,406
Current liabilities		**120,990**	122,207
Non-current liabilities		**719**	318
Total liabilities		**121,709**	122,525
Net assets		**199,101**	213,881
Total equity of the parent comprising of:			
Contributed equity		**353,227**	356,035
Accumulated losses		**(196,273)**	(194,022)
Share-based payment reserve		**1,523**	1,737
Dividend reserve*		**40,624**	50,131
Total equity		**199,101**	213,881

* During the 2015 financial year, the Directors resolved to create a separate dividend reserve account.

YEAR ENDED 30 JUNE 2016	PMP Limited 2016 $'000	PMP Limited 2015 $'000
30 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	**1,986**	2,301
- later than one year but not later than five years	**5,796**	6,991
- later than five years	**–**	786
Total operating lease rentals (lessee)	**7,782**	10,078
Operating lease rentals - parent as lessor :		
- not later than one year	**–**	(77)
- later than one year but not later than five years	**–**	–
Total operating lease rentals (lessor)	**–**	(77)

Investment in controlled entities

PMP Limited has impaired its investment in controlled entities during the year ended 30 June 2016 by $4.2 million (2015: $56.0 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 2016 (2015: $nil).

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, 31st August 2016

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 consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated 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 44 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.

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

Deloitte.

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:

(a) the financial report of PMP Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 40 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants
Sydney, 31 August 2016

		2012 <a>	2013 <a> (Restated)	2014	2015 <d>	2016	% change
SALES REVENUE							
PMP Australia	A$ mill	564.0	493.6	439.9	392.3	**334.6**	(14.7)
Gordon and Gotch Australia	A$ mill	358.5	323.4	298.4	268.5	**345.8**	28.8
PMP New Zealand	A$ mill	171.4	158.8	160.9	150.9	**135.6**	(10.2)
Total Sales Revenue	A$ mill	1,093.9	975.8	899.2	811.7	**816.0**	0.5
PROFITABILITY							
EBITDA (before significant items)	A$ mill	76.5	71.6	63.4	58.1	**51.2**	(11.9)
EBIT (before significant items)							
PMP Australia	A$ mill	39.9	30.6	20.9	18.1	**16.5**	(9.0)
Gordon and Gotch Australia	A$ mill	1.0	1.1	3.4	3.0	**2.3**	(21.9)
PMP New Zealand	A$ mill	1.6	9.7	9.9	11.1	**8.6**	(23.0)
Corporate	A$ mill	(9.8)	(7.7)	(5.5)	(5.9)	**(4.1)**	30.2
Total EBIT (before significant items)	A$ mill	32.7	33.8	28.8	26.4	**23.3**	(11.7)
NPAT post significant items	A$ mill	(24.5)	(70.2)	3.4	8.0	**0.2**	(97.7)
PMP Australia EBIT*/sales	%	7.1	6.2	4.8	4.6	**4.9**	6.5
Gordon and Gotch Australia EBIT*/sales	%	0.3	0.4	1.2	1.1	**0.7**	(36.4)
PMP New Zealand EBIT*/sales	%	0.9	6.1	6.2	7.4	**6.3**	(14.9)
Total EBIT*/sales	%	3.0	3.5	3.2	3.2	**2.9**	(9.4)
OTHER							
Net cash provided by operating activities	A$ mill	31.4	7.6	35.5	33.2	**32.0**	(3.4)
Earnings per ordinary share (basic)	cents	(7.5)	(21.7)	1.1	2.5	**0.1**	(96.0)
Earnings per ordinary share (diluted)	cents	(7.5)	(21.7)	1.1	2.5	**0.1**	(96.0)
Dividend per share (paid)	cents	<b> 2.0	–	–	–	<e> **3.0**	–
Total assets	A$ mill	661.8	549.2	502.7	469.5	**476.9**	1.6
Total net debt/(net cash)	A$ mill	143.3	89.1	51.7	16.3	**(0.7)**	104.1
Total shareholders equity	A$ mill	320.7	258.6	264.8	<d> 270.5	**259.4**	(4.1)
Net debt/Equity Ratio	%	44.7	34.4	19.5	6.0	**0.0**	–
Interest Cover <f>	times	4.9	4.7	5.1	6.5	**8.5**	30.8
Depreciation	A$ mill	40.2	37.0	34.0	31.0	**27.1**	12.4
Amortisation	A$ mill	3.6	0.8	0.6	0.8	**0.8**	(1.9)
Capital Expenditure	A$ mill	<c> 29.6	23.8	5.2	5.5	**4.2**	22.9
Employees Full Time	No.	2,159	1,587	1,360	1,260	**1,248**	1.0

Note:

EBITDA - Earnings before depreciation, amortisation, finance costs and income tax.

EBIT - Earnings before finance costs and income tax.

NPAT - Net profit after tax.

* - Before significant items.

<a> During 2013, PMP changed its segment reporting structures due to a change in its functional organisational structure. Comparatives have been restated for 2012. 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.

<b> 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.

<c> Includes cash prepaid for the construction of a printing press.

<d> GST asset $1.5 million from prior period no longer recoverable. This has been taken as an adjustment to opening accumulated losses and payables. Comparatives have been restated for 2015.

<e> Final dividend for the year ended 30 June 2015 of 1.8 cents (50% franked) and interim dividend for the year ended 30 June 2016 of 1.2 cents (unfranked).

<f> EBITDA before significant items / Interest.

Shares and Options / Rights

Shares on issue	318,171,715
Employee rights*	8,368,857
Total rights	8,368,857

* 269,402 performance rights lapsed following the announcement of the results for the year ended 30 June 2016.

Distribution of Shareholders	Number of Shareholders	Number of Shares	% of Issued Capital
1 - 1,000	707	397,230	0.12
1,001 - 5,000	1,655	4,664,243	1.47
5,001 - 10,000	462	3,761,638	1.18
10,001 - 100,000	925	35,570,353	11.18
100,001 and over	131	273,778,251	86.05
Total number	3,880	318,171,715	100.00
Unmarketable Parcels: Minimum $500.00 parcel at $0.63 per unit: 794	440	137,275	–

Name of Substantial Shareholders	Number of Shares	% Voting Power
Allan Gray Investment Management	50,125,929	15.7
Fraser & Neave	39,020,117	12.3
Lazard Asset Management Pacific Co	33,998,425	10.7
Lanyon Asset Management	29,135,859	9.2
PM Capital	27,651,489	8.7

Twenty Largest Shareholders	Number of Shares	% of Total Issued
Citicorp Nominees Pty Limited	79,253,128	24.91
J P Morgan Nominees Australia Limited	59,660,452	18.75
Aust Executor Trustees Ltd <Lanyon Aust Value Fund>	29,135,859	9.16
National Nominees Limited	20,158,748	6.34
RBC Investor Services Australia Pty Limited <VFA A/C>	12,453,663	3.91
HSBC Custody Nominees (Australia) Limited	12,429,053	3.91
BNP Paribas Noms Pty Ltd <DRP>	6,483,213	2.04
Sandhurst Trustees Ltd <Wentworth Williamson A/C>	5,788,626	1.82
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	5,667,752	1.78
Anacacia Pty Ltd <Wattle Fund A/C>	5,450,075	1.71
UBS Nominees Pty Ltd	5,198,356	1.63
Wattle Laboratories Pty Ltd <Advanced Culture Systems A/C>	2,500,000	0.79
Mr Peter George	2,029,006	0.64
Idriscorp Pty Ltd <Morgan Super Fund A/C>	1,800,000	0.57
Miss Yan Li	1,100,000	0.35
PMR Investments Pty Ltd <PMR Investment A/C>	1,000,000	0.31
Rudie Pty Ltd <Mattani Super Fund A/C>	873,815	0.27
Mr Mark Herdman + Mrs Heather Fletcher Herdman <The Constantia A/C>	700,000	0.22
Mr Geoffrey Stephenson	631,055	0.20
TDA Securities Pty Ltd <TDA Securities A/C>	520,000	0.16
Totals: Top 20 Holders of Fully Paid Ordinary Shares	252,832,801	79.46
Total Remaining Holders Balance	65,338,914	20.54

Shareholder Information

Alistair Clarkson

B Com LLB MBA ACIS GradDipACG

Company Secretary

The PMP Limited Annual General Meeting will be held at 9.30am on Wednesday 23 November 2016 at:

Sheraton on the Park
161 Elizabeth Street, Hyde Park
Sydney 2000

Details of the business of the meeting are contained in the separate Notice of Meeting sent to shareholders.

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@pmplimited.com.au

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.

Alternatively, shareholders can visit computershare.com.au/easy update/pmp to update their payment details, shareholder communication elections or Tax File Number or exemption details. Shareholders 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.

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

Website: www.computershare.com

Receive Information by Email

Shareholders can receive notifications about Notice of Meeting and Proxy, Statements, and 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 computershare.com.au/easy update/pmp 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
- Read and agree with the Terms and Conditions

Click on "Next" and follow the prompts

Chief Entity Auditors

Deloitte Touche Tohmatsu

Principal Bankers

ANZ Banking Group Limited
Commerzbank AG

The 2016 Annual Report was printed by:

PMP Maxum (NZ) Limited
122 Kerrs Road, Wiri
Auckland, New Zealand 2104
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 responsible sources, 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.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C001346

PMP LIMITED ABN 39 050 148 644

Level 12, 67 Albert Avenue, Chatswood NSW 2067 | **TEL** 02 9412 6000 | **FAX** 02 9413 3942 | **WEB** pmplimited.com.au