PMP LIMITED

▲ PRINT AUSTRALIA

DISTRIBUTION & MARKETING SERVICES ▲

▲ PMP NEW ZEALAND

ANNUAL REPORT 2017

CONTENTS

PMP Limited

ABN 39 050 148 644

Registered Office:
Level 12, 67 Albert Avenue,
Chatswood NSW 2067
Tel: 02 9412 6000
pmplimited.com.au

Annual General Meeting

The Annual General Meeting will be held at 11am on Wednesday 22 November 2017 at:

Deloitte Touche Tohmatsu
Level 9, Grosvenor Place,
225 George Street, Sydney

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

Investor Information

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

Tel: 02 9412 6000
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

MANAGING DIRECTOR/CEO
Peter George

NON-EXECUTIVE DIRECTORS
Stephen Anstice
Anthony Cheong
Michael Hannan
Dhun Karai

Company Profile

PMP Limited has become Australasia's pre-eminent print media and marketing services company.

PMP's merger with IPMG in March 2017 has brought together two long-standing print companies to create a new merged entity with industry-leading national scale and an unrivalled breadth of services. PMP provides services integrated across print, digital, catalogue and magazine distribution.

PMP has the strongest position in both the Australian and New Zealand heatset print markets and is the leading magazine distributor in Australia. The company is the only integrated printer and distributor of catalogues and magazines to households and retailers.

The new PMP operates through three divisions:

PMP Print is the largest and most awarded national operator in the Australian market with significantly more capacity than any other player. The company is unrivalled in its breadth of services and ability to deliver on-time and in full. Its press fleet is superior in terms of its size, age, location and capacity, giving customers unbeatable time to market and scheduling flexibility.

PMP has plants throughout Australia and New Zealand producing catalogues and magazines, community newspapers, direct mail, fliers, promotional materials, point of sale and even packaging.

PMP Distribution & Marketing Services – The division consists of Gordon & Gotch and PMP Distribution; and Marketing Services, which includes Griffin Press. PMP is the only integrated services provider that also delivers catalogues direct to homes and magazines to newsagents and other businesses, and creates award-winning digital marketing solutions.

The group's letterbox distribution business delivers around two billion catalogues to Australian households each year through a network of more than 12,000 walkers. Gordon & Gotch is the leader in magazine distribution, this year delivering more than 200 million copies to newsagents, supermarkets, convenience stores and airports around the country.

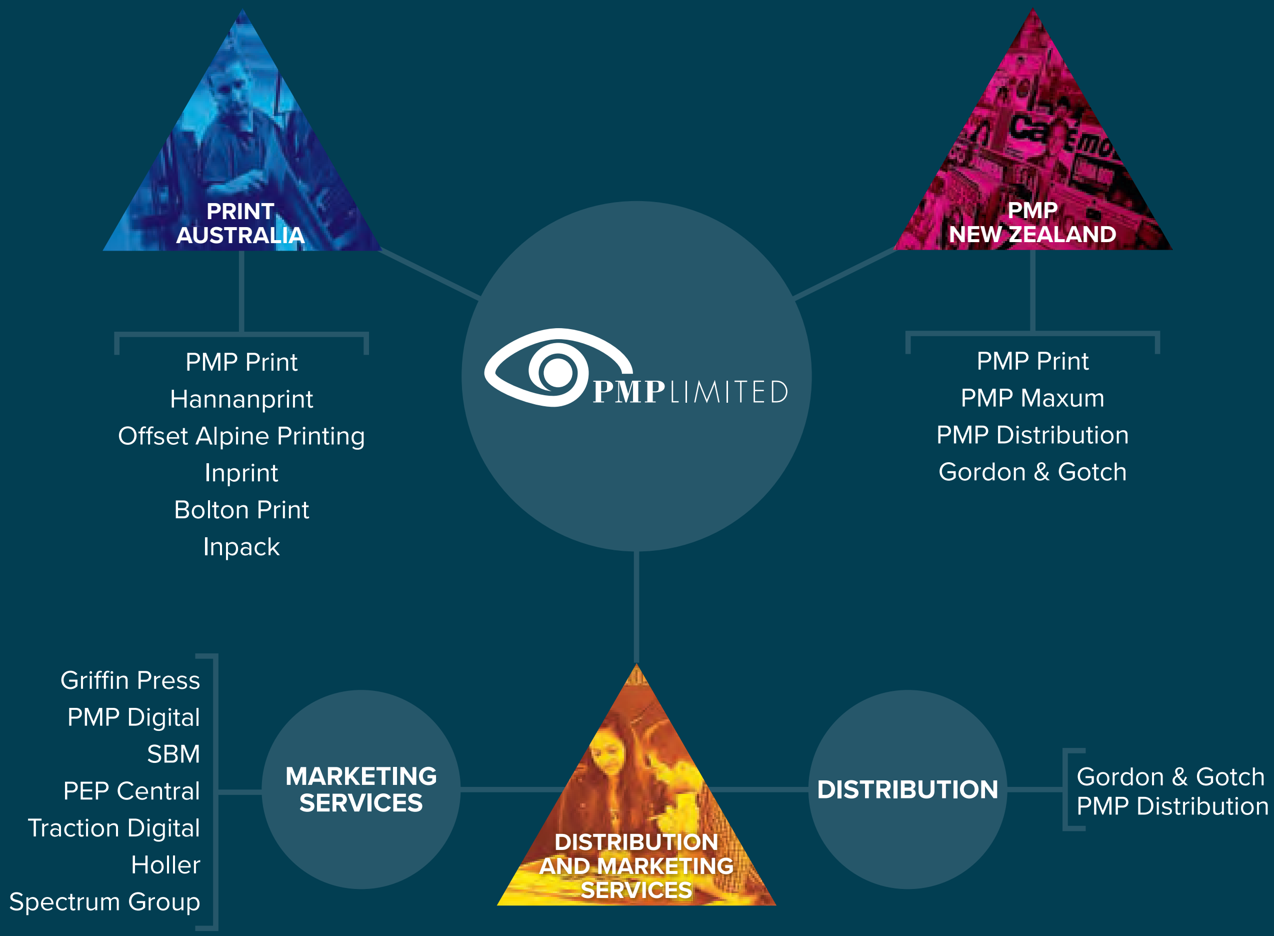
PMP's marketing services include: creative design, brand strategy, business consulting services, marketing automation, photography, videography, point of sale, public relations, content and social media through offices in Sydney, Melbourne and Brisbane.

The group is also working with global leaders to create and deliver the next generation of print media and marketing technology.

PMP New Zealand is the country's largest print and distribution business, with production facilities in Auckland and Christchurch and a letterbox delivery network extending across the North and South Islands. Gordon & Gotch New Zealand provides publishers with an independent distribution channel to the country's retail outlets.

With the merger of PMP and IPMG, the company is building a business for the long-term, right-sizing to align with the market by driving greater efficiencies, innovation for clients, rationalising old equipment and positioning ourselves for the future.

PMP + IPMG



The merged company

The March 2017 merger with IPMG has made PMP Limited a company that is building a business for the long-term, right-sizing to align with the market by driving greater efficiencies, providing innovation for clients, and rationalising old equipment.

As at 30 June 2017, PMP delivered on post-merger synergies, with $40 million in annualised savings actioned within four months of completion. Annualised full year EBITDA is expected to be $90-$100 million from FY19.

Investing in print marketing

Print is one of the country's biggest manufacturing industries. Today's sector has adapted to the digital economy, encompassing a full range of marketing solutions from creative services to digital, distribution and marketing automation.

Despite the massive increase in the number of channels in which people communicate, print remains the market's stand-out vehicle, especially in the retail, lifestyle, entertainment, travel and tourism, education and financial services sectors.

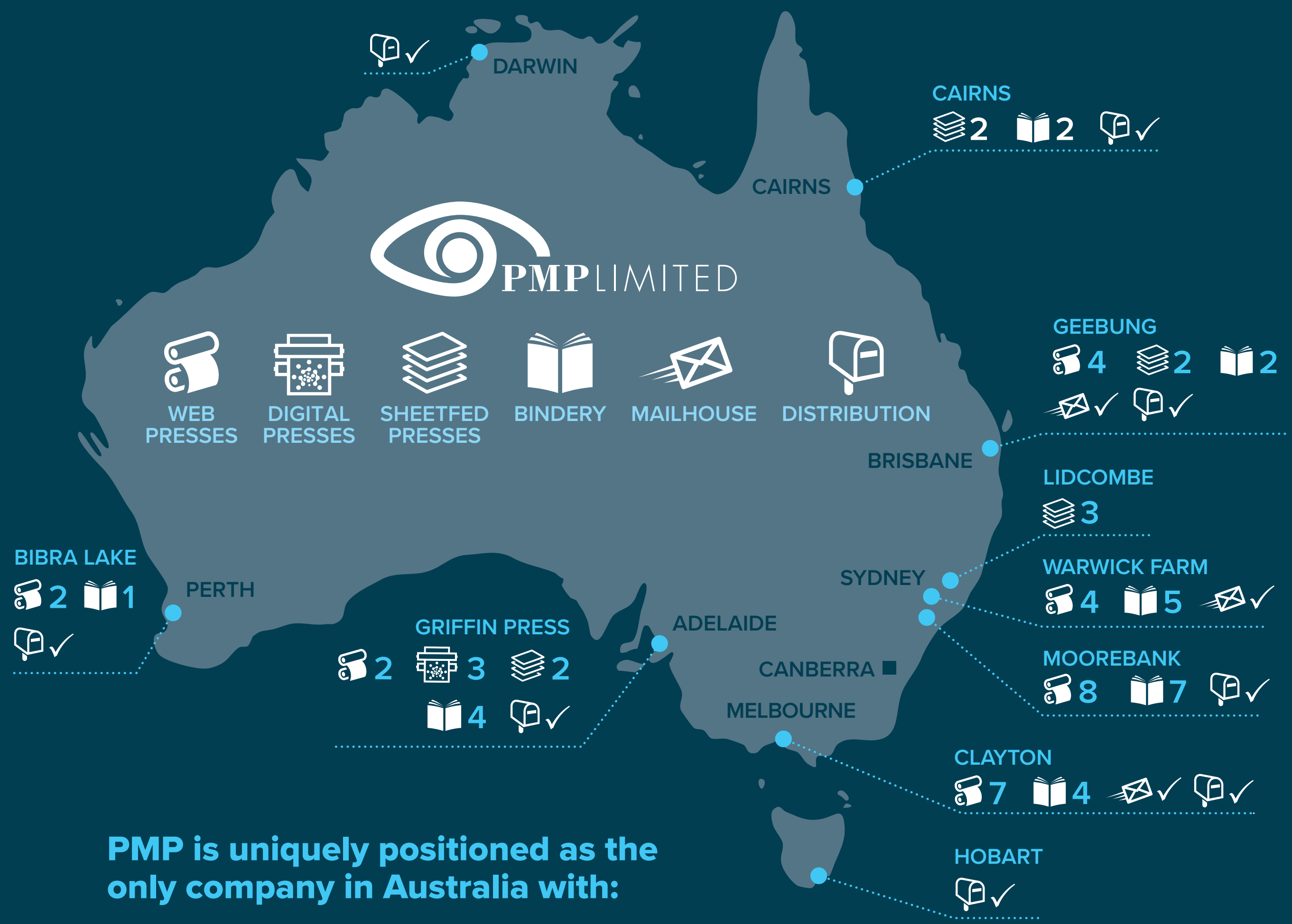
Catalogues, in particular, remain the number one go-to media source for groceries, fashion, electronics, toys, alcohol and cosmetics.

The Australasian industry leader

Optimisation and consolidation has occurred in the print industry internationally. PMP is the Australasian industry leader and is now leading the development of a sustainable industry in Australia.

Customer Focus – unrivalled capability

The only integrated printer and distributor of catalogues and magazines to households and/or retail outlets.

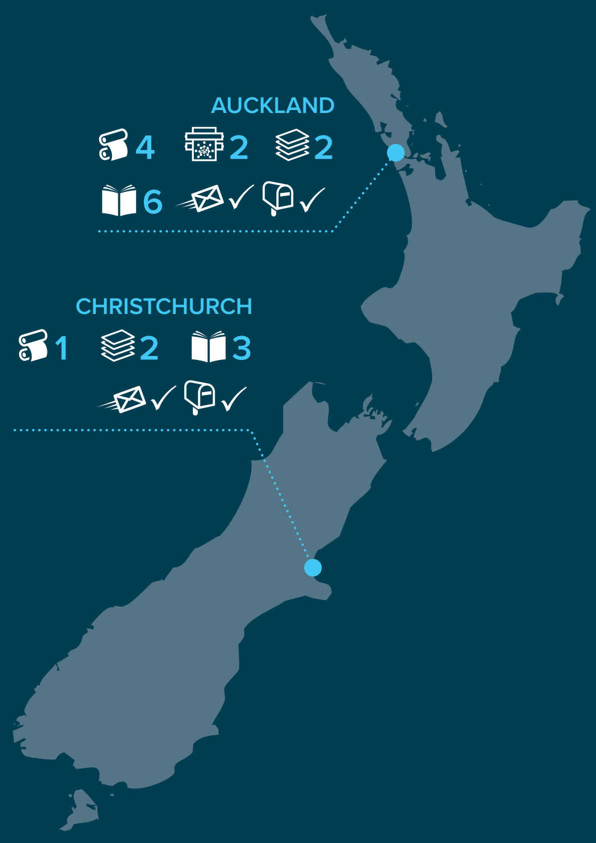


PMP is uniquely positioned as the only company in Australia with:

- access for both unaddressed and addressed printed products direct to households through a nationwide letterbox delivery platform;
- the largest print post mail house in Australia;
- a national distribution network to thousands of retail newsagents and all major supermarkets through Gordon & Gotch.

PMP is focused on meeting its clients' needs, regardless of the communication channel required. Customers can bundle the distribution of magazines, catalogues, fliers and other promotional materials with their print job and take advantage of PMP's digital services including creative design, brand strategy, business consulting services, marketing automation, photography, videography, point of sale, public relations, content and social media.

PMP is creating dedicated sites for magazine and catalogue print and distribution, where all aspects of print production and distribution will be housed under one roof, allowing customers even greater speed to market and freight savings.



PMP Print capability

- PMP delivers on-time and in full with a superior press fleet in size, age, footprint and capability – matched to customer requirements
- We boast 16, 24, 32, 48, 64, 80pp and Australasia's only 96pp presses plus high speed finishing and binding equipment – in multiple sites, providing essential flexibility to our customers
- Capability extends from heatset web offset to sheetfed, digital and ink jet printing – matching our process to customer needs
- Our capacity is significantly more than that of others in the sector – PMP can cope with peak seasonal demand
- The best equipment has been retained – we can offer retailers and publishers the formats they require

PMP's plant at Warwick Farm in Sydney

PMP Print strengths

- Vertically integrated: pre-media, print and distribution
- No.1 market position in Australia with 55%-60% market share^ and expected $430M printing sales
- PMP focuses on medium to long run heatset printing and also has short run capability (web & sheetfed)
- Oldest & least efficient equipment retired
- After cost out, new national footprint:
  - Warwick Farm, Moorebank and Lidcombe in NSW
  - Clayton in VIC
  - Geebung and Cairns in QLD
  - Bibra Lake in WA
- Capacity post merger delivers broadest range of print formats to satisfy customer needs

^Based on internal market estimates

PMP's plant at Clayton in Melbourne

Increased customer focus

- Over 100 sales and customer service professionals on the ground, ensuring our clients have exceptional 24/7 support
- Time to market is critical. We deliver direct to customers from locations across Australia/New Zealand plus they can combine print and distribution to achieve further efficiency
- PMP is a trusted partner, not a competitor, to print managers and brokers
- PMP's breadth of services is unrivalled
- The new combined capabilities give both customers and PMP greater flexibility for scheduling
- PMP can run work on presses optimised to suit the job
- Allows us to meet peak seasonal demand

PMP's Geebung site in Queensland, incorporating Inprint, Inpack and PEP Central

> *PMP is now the pre-eminent print media and marketing services company in Australasia with services across print, digital, catalogue and magazine distribution.*

Matthew Bickford-Smith
Chairman

Dear Shareholders

Having merged with IPMG in March 2017, PMP has now created a company that is the industry leader with scale and capability second to none. It has achieved its long-term goal of creating a sustainable business model that will provide unsurpassed flexibility and print opportunities for both the company and its customers and in doing so has addressed the issue of excess capacity.

For more than a decade, Australia's print industry has battled with excess capacity in the market and the need to adapt to a combination of rapid technological change, consumer preferences for online newspapers and magazines, and a slow-down in economic growth.

Over the last decade, many larger players replaced obsolete plant with new modern presses – increasing industry capacity as overall demand was starting to fall. When the new capacity was installed, the industry was still printing phone books and magazine volumes were double today's volumes. As demand fell, underutilised volume placed increasing pressure on margins.

The Board has long been aware that, in an industry with high fixed costs, there is only one answer to this level of over capacity. For several years now, PMP has signalled its desire for industry consolidation and explored options to make this happen.

Going into FY17, the Board was of the view that we had reached a point where the current structure of the industry was no longer sustainable and that consolidation was a necessary and essential strategic response to ensure PMP's profitability into the future.

This is why, in the early part of the year, PMP took decisive action and negotiated a merger with IPMG – a print and digital services provider, privately owned by members of the Hannan family. We considered that IPMG was the best fit for PMP: a business with similar, customer-focused values and a highly experienced management team, that would provide the greatest amount of synergies.

The Board and its advisors judged the transaction would be materially earnings per share (EPS) accretive, with significant synergy benefits in the form of cost savings that would generate value for PMP shareholders. By merging our operations, we saw clear potential to create a more efficient organisation – one that would be capable of competing in the consolidated industry where of the remaining three competitors two were acquired by the only other printing company listed on the ASX, leaving two listed competitors in the market.

Most importantly, looking ahead, the merged Group would also be in a far better position to both influence and respond to

PMP – the industry leader in scale and capability

Customer Focus: PMP is committed to providing the products, quality and service our clients appreciate.

FY17 Key Financials

$M	FY17	FY16	%
Sales Revenue – Statutory†	1,051.5	816.0	28.9
EBITDA (before Significant Items)	32.2	51.2	(37.0)
EBIT (before Significant Items)	3.7	23.3	(84.2)
Net (Loss)/Profit (before Significant Items)	(1.9)	11.8	–
Net (Loss)/Profit (after Significant Items)	(126.4)	0.2	–
Free Cash Flow*	37.2	37.5	(0.9)
Net Cash (Net Debt)	(18.5)	0.7	–
Significant Items (post tax)	(124.5)	(11.6)	–

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

† Print Australia $263M‡; Distribution Australia $76M; Marketing Services Australia $49M‡; Gordon & Gotch Australia $470M; New Zealand $193M.

‡ Only includes 4 months of IPMG.

2017 Summary

FY17 results in line with revised guidance

- Sales up 28.9% to $1.05 billion
- Net Debt at $18.5M is well ahead of guidance, vs Net Cash of $0.7M at 30 June 2016
- EBITDA (before significant items) at $32.2M, down 37% pcp**
- Net Loss (after tax and significant items) of $126.4M compared to $0.2M Profit pcp**
- Free cash flow* at $37.2M vs $37.5M pcp**

Integration well advanced

- Press fleet rationalisation completed in four months – improved scale, capability and utilisation
- Out of a target of $55M annualised savings, $40M has been actioned by June 30, together with an improved payback
- $142.6M significant items (Cash $61.6M, Non-cash $61.0M, Onerous leases $20M)

FY18 and FY19 guidance reaffirmed

- FY18 EBITDA*** $70M - $75M
- FY19 EBITDA*** $90M - $100M
- Net debt free (in FY19).
- Capital management planned to resume in 2HFY18

**Prior comparable period. ***Pre significant items.

Delivering on targets

Since 2012 PMP has had a relentless focus on removing complexity, reducing costs, generating strong free cash flow to eliminate net debt and reward shareholders, while consolidating our industry structures.

Stabilised by 2015:

- clearer focus and debt reduction
- refinancied corporate bond in 2015: extended tenor, lower cost, better capital management flexibility
- recommenced capital management distributions 2015

In 2016:

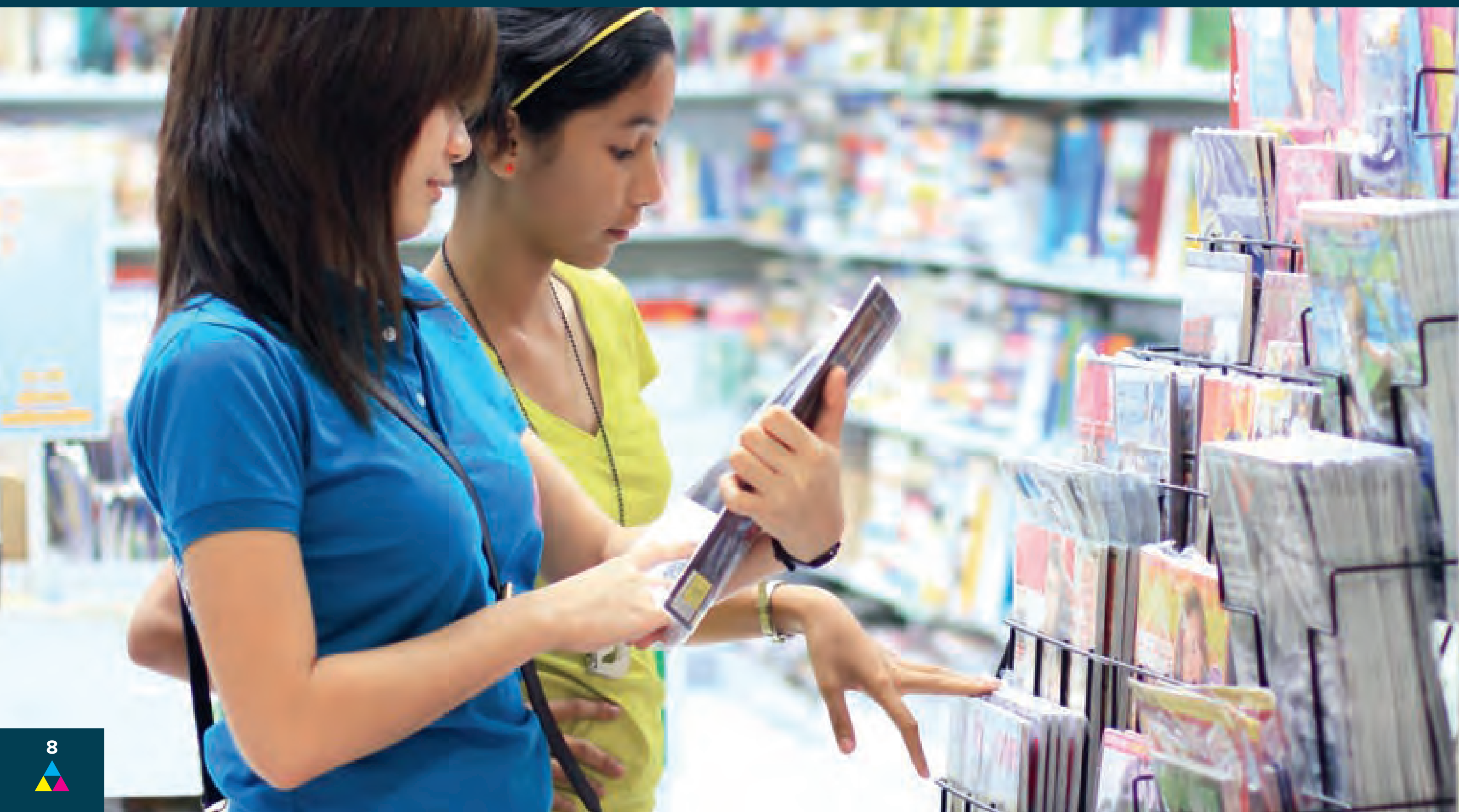
- magazine distribution industry consolidation Gordon & Gotch
- net debt free June 2016

In 2017:

- IPMG merger completed. Heatset print market consolidated from 5 to 2 – more efficient industry structure:
  - strong and sustainable business model for print and distribution
  - print integration well advanced, synergies on track, payback upgraded

Fiscal 2018-19:

- reaffirm synergy and EBITDA targets, net debt elimination, recommence capital management with large franking credit balance
- continue to focus on maintaining excellent customer service
- complete synergy program and continue to align the business to market



ongoing industry trends and to continue to provide our customers with innovative print based communications within a range of integrated solutions.

Merger with IPMG complete

On 28 October 2016, PMP announced an all scrip merger with IPMG. The transaction was approved by 98% of PMP's shareholders at an Extraordinary General Meeting on 16 December 2016.

After an extended review of the impact the proposed merger would have on competition, the Australian Competition and Consumer Commission (ACCC) agreed that there was excess capacity in the market and it would not oppose the transaction.

On 1 March 2017, the merger was completed. PMP acquired 100% of the shares in IPMG Holdco Pty Ltd and the shareholders of that company were issued new shares in PMP as consideration for PMP acquiring those shares. This resulted in the Hannan Family together holding 37% of PMP's share capital. Existing PMP shareholders retained the remaining share capital of approximately 63%.

Having already done much of the operational thinking, the new executive team moved swiftly to execute the integration program required to merge the two companies. By year end, $40M of annualised pre-tax cost savings had been actioned, with the remaining synergies affirmed and PMP on track to deliver the annualised run rate of $55M savings by FY19. The savings derive from: better optimisation and consolidation of the joint press fleet and associated savings on labour costs; savings on property costs from optimising the Group's operational footprint; and operational efficiencies from centralising procurement, reducing paper waste and rationalising a range of PMP's other manufacturing and operational expenses.

Your new merged company

The merged PMP is now the pre-eminent print media and marketing services company in Australasia with services across print, digital, catalogue and magazine distribution. For catalogues and magazines, we are the only vertically integrated supplier of pre-media, print and distribution services capable of reaching both households and retail outlets.

As measured by revenue and market share, PMP is the leading heatset printer in both Australia and New Zealand. PMP is expected to have $430M print sales in Australia and $63M in New Zealand. Through combining and optimising the two fleets of presses, the merged Group has lifted the overall efficiency and capability of its Australian print operations, giving it an unrivalled breadth of print services to meet customer needs. In an industry where time to market is critical, PMP can deliver direct to customers from locations across Australasia. Our customers can save on freight by producing their work in their own state and by co-locating print and distribution to achieve further efficiencies.

Gordon & Gotch is the market leader in both Australia and New Zealand.

In Australia, Distribution holds 35% of market share in the letterbox distribution industry. Its national network of distributors and walkers delivers more than 2.1B catalogues and newspapers every year.

The merger allows PMP to offer IPMG's customers bundled print and distribution. It has also given the Group an award-winning portfolio of digital

PMP Print Australia's heatset printing and Gordon & Gotch's distribution are leaders in their markets; letterbox distribution is second. In New Zealand, where PMP heatset printing is market leader, PMP also provides sheetfed printing, as well as letterbox and retail distribution services.

businesses, with value-adding services that include: creative design, marketing automation, photography, videography, point-of-sale, digital content and social media. With the increased scale of its marketing services platform, PMP can now deliver an enhanced integrated suite of print and print-related services to its customer base.

Board changes

Following completion of the merger with IPMG, Mr Michael Hannan former Executive Chairman of IPMG, and Mr Stephen Anstice former CEO of IPMG and current Chairman of CSG Ltd, joined the Board. Both are standing for election at PMP’s AGM this year. Both are highly experienced within the print industry and with whom we already had a productive and collaborative working relationship. As expected, we are benefiting from their experience and insight as together we build and grow the merged company.

Also, Mr Peter Margin retired as a director of PMP on 25 August 2016 following his appointment as Executive Chairman of the major beverage company, Asahi Holdings. We thank Peter for his valuable contribution since joining the Board in January 2012 and for his leadership as Chairman of the Audit and Risk Management Committee. Peter’s experience and expertise was integral in achieving the success of PMP’s transformation programs over the last four years. We wish him every success in his future endeavours.

In light of Peter Margin’s retirement, another independent director, Ms Dhun Karai, joined PMP on 1 June 2016 and was appointed Chairman of the Audit and Risk Management Committee in August 2016. Dhun has a strong background in financial services, risk management and audit, as well as executive experience of leading large scale business transformations.

Ms Naseema Sparks resigned at the end of June 2017 to focus on other commitments. Ms Sparks joined the Board in August 2010 and served on the Appointments and Compensation Committee since that time, becoming Chairman of that Committee in April 2016. We thank her for her valuable contribution and guidance. Her insights into organisational culture and performance helped PMP to come strongly through the challenges of industry consolidation.

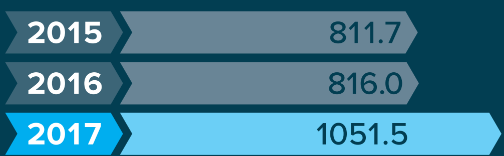
Board independence

With these recent changes to the composition of the Board, the Board currently does not have a majority of directors who can be regarded as independent. The Board has commenced the process of recruiting independent directors in order that the majority of directors on the Board are independent.

The Board’s non-independent directors have already declared areas where there are conflicts of interest, or where the perception of a conflict of interest could arise. They will excuse themselves from participating and voting on such matters.

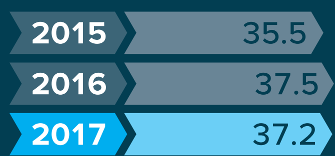
In terms of committee memberships, following Ms Sparks’ resignation, I assumed

▶ Sales Revenue



- Sales Revenue higher 28.9% up $235.5M:
  - Print Australia up $63.3M
  - Gordon & Gotch AU/NZ up $185M – new contract on statutory basis, ($19M on underlying basis)

▶ Free Cash Flow* ($M)



- Better working capital outcomes, lower interest expense and reduced capital expenditure offset lower EBITDA** (before significant items)

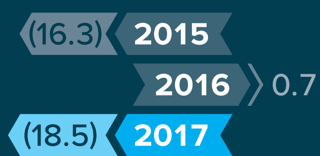
* Free Cash Flow is defined as EBITDA** before Significant Items, less interest paid, income tax and capital expenditure, and movement in working capital

▶ EBITDA** before significant items ($M)

- Down $19.0M as reduced EBITDA across PMP Group more than offsets 4 months IPMG profits
- Normalised 12 months basis equals $48M

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

▶ (Net Debt)/Net Cash ($M)



- Net Debt ($18.5M) v. Net Cash $0.7M pcp
  - ahead of guidance/improved working capital

the role of Chairman of the Appointments and Compensation Committee in an interim capacity and Mr Michael Hannan also joined the Committee. Mr Stephen Anstice has joined the Audit and Risk Management Committee. In the coming year, the Board intends to restructure the Appointments and Compensation Committee to provide the majority of committee members are independent.

Capital management

To fund net working capital and the implementation costs associated with the merger, during the year PMP put in place new debt and funding facilities of up to $65 million from ANZ. This debt funding is only for the short-term requirements of integration. The Board intends to maintain a conservative balance sheet. To this end, PMP is currently on track to be net debt free in FY19.

Given the cash demands of delivering synergies, PMP suspended both dividends and share buy-backs during the implementation period. Capital management is intended to recommence in the second half of FY18. The Board expects that negligible cash tax will be paid in Australia for the next four to five years as a consequence of the losses carried forward. Shareholders will also benefit in the $62M of franking credits available following the merger.

Thank you

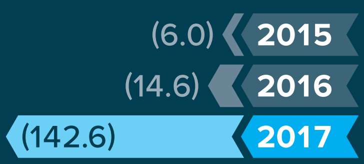
I acknowledge the critical contributions of PMP's incoming and outgoing Board members in getting the merger across the line. On behalf of the Board, I would like to thank Peter George and the new senior management team for their exemplary efforts in making the integration program work once we reached completion. To PMP's recently merged workforce: thank you for your patience and understanding in a difficult year of significant change. The Board looks forward to help you grow our new company in the year ahead.

Strongly positioned for the future

The Board strongly believes that the merger has given PMP a robust and profitable future where shareholders are fairly rewarded.

PMP goes into the next financial year as the leading force in the Australasian printing and distribution markets. The merged company has now optimised its press fleet to meet the on-going demand for integrated, end-to-end print and distribution solutions. The result will be more efficient, sustainable and agile organisation, far better positioned to adapt to industry change in the future.

Significant Items

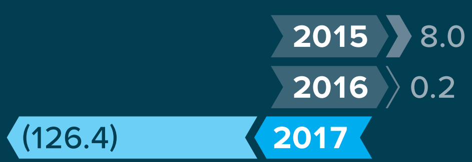


- $61.0M impairments - Goodwill/PPE
- $53.6M restructuring, relocations and other
- $8.0M acquisition costs
- $20.0M onerous leases

Capital Management

- program suspended in October 2016 post merger announcement
- it is the intention to recommence in the second half of 2018
- franking credit balance $62M

Net (loss)/profit after significant items ($M)



- Total significant items were $142.6 million pre tax; $112.8 million increase in significant items post tax, much of which related to undertaking a major restructure of the combined Print business with three sites closing.

Gearing Level

(Net Debt/EBITDA** before Significant Items)

- Interest cover was 6.3x vs 8.5x in the prior period
- During the year the company put a new $65 million ANZ Facility in place to assist with the funding of the post merger expenditure

> *"The full annualised savings of $55M is on track to be delivered in a slightly shorter than expected timeframe, with lower than anticipated one-off cash costs."*

Peter George
Chief Executive Officer

2017 full year results meet revised guidance with print integration well advanced

- **FY17 has been a challenging year:**
  - stalled first half waiting for ACCC merger approval
  - print markets remained challenging as retailers control costs
  - post merger second half – integration plan implementation
- **Met revised EBITDA guidance**
  - transformation plan has run smoothly:
    - press fleet rationalisation completed
    - new optimised national manufacturing footprint in place
    - $40M annualised savings actioned – most flow through in FY18
- **Continued commitment to cash flow**

Sales Revenue $M	2017	2016	Var %
Print	**263.0**	199.7	31.7
Distribution and Marketing Services‡	**595.0**	480.7	23.8
New Zealand	**193.5**	135.6	42.7
TOTAL GROUP	**1,051.5**	**816.0**	**28.9**

EBITDA* $M	2017	2016	Var %
Print	**16.7**	26.4	(36.8)
Distribution and Marketing Services‡	**6.5**	13.5	(51.5)
Corporate	**(3.5)**	(3.7)	7.3
New Zealand	**12.4**	15.0	(17.2)
TOTAL GROUP	**32.2**	**51.2**	**(37.0)**

* Before significant items. ‡ Includes Gordon & Gotch (Australia), PMP Distribution, Griffin Press and Marketing Services.

Overview

FY17 was a highly unusual year for PMP, as the Australian heatset printing industry consolidated from five to two players, amidst months of uncertainty. The tumultuous industry conditions this created in the first half, and the radically different shape in which our merged company ended the year, makes it hard to extrapolate future performance from this set of financial results.

The most important take away for shareholders is that the year ended with the merger with IPMG complete, $40M of annualised savings already actioned and PMP's remaining integration and cost savings program well underway. The full annualised savings of $55M is on track to be delivered in a slightly shorter than expected timeframe, with lower than anticipated one-off cash costs.

FY17 achievements

The first half of the year was adversely impacted by extremely unusual print market conditions, with every major heatset print operation pursuing industry consolidation. Understandably, prospective print customers were wary of signing contracts where the future competitive market was not clear. Other than the Coles contract, not one major piece of work changed hands in either print or distribution as the market waited to see what would happen with IVE and whether the PMP/IPMG merger would go ahead.

As a result, PMP Print could not replace lost volumes from customers that went out of business in the previous financial year. Had PMP been continuing on a standalone basis, the Print division would have met these lower activity levels with an immediate cost-out response, which would have mitigated these lost volumes. However, anticipation of the IPMG merger meant no such response was possible, substantially affecting profitability in the first half.

Merger complete

Originally, we had hoped to complete the merger on or around 3 January 2017 to minimise disruption to customers and employees. However, after the Australian Competition and Consumer Commission (ACCC) required additional time to review the merger, we extended the proposed completion date. On 17 February, the ACCC announced it would not oppose the transaction, leaving the path clear for completion two months later than hoped, on 1 March 2017.

Catalogues provide both large and small retailers a unique ability to reach consumers

Due to extensive pre-merger operational planning, the new PMP-IPMG merged manufacturing footprint was in place by the start of May.

John Nichols
Chief Operating Officer – PMP Limited

As Chief Operating Officer for PMP Limited, John Nichols is heading the group's transformation program following the March 2017 merger with IPMG. He has held the position of COO since January 2013 after 30 years with the company, predominately responsible for print operations and group engineering. With extensive knowledge in print machinery and lean manufacturing, John is recognised as an industry leader in both print technology and process.

Transformation well underway

With the merger finally complete, the second half was largely taken up with the major changes required to integrate the best of PMP and IPMG to form Australia's largest print media marketing services company. Thanks to detailed pre-planning, the transformation program ran smoothly under the direction of PMP's Chief Operating Officer, John Nichols.

Part of the transformation program involved restructuring reporting lines in the Australian business, splitting it into two divisions.

Print Australia – now run by Adrian O'Connor, former Executive General Manager IPMG Print.

Distribution and Marketing Services – now run by Kevin Slaven, former IPMG Group CEO, who is responsible for Letterbox Distribution, Gordon & Gotch, Digital, and Griffin Press.

New manufacturing footprint

To optimise the two press fleets and take out capacity, transformation also required three site closures. With these closures, and the loss of some head office staff, saw the merged company cutting headcount by approximately 350 people. Working with the AMWU, we made all attempts to ensure that those leaving the business did so with the best possible level of support and assistance.

In March and April 2017 PMP closed the former IPMG print facility at Noble Park, Melbourne. The closure resulted in 100 redundancies, with the remaining staff redeployed to the Clayton site in Melbourne. The PMP Print facility at Wacol in Brisbane was also closed. This, along with other non-Wacol initiatives, resulted in a further 76 redundancies.

We also rationalised the print facility at Lidcombe in Sydney, making part of the Offset Alpine site the dedicated facility for sheetfed requirements across the entire PMP Group in Australia. This led to 120 redundancies from web printing and bindery as print volumes were streamlined into other PMP sites.

As a result, at the start of May 2017, Print's new optimised, national manufacturing footprint was in place at Warwick Farm, Moorebank and Lidcombe in New South Wales; Clayton in Victoria; Geebung in Queensland; and Bibra Lake in Western Australia. The combined press fleet has 25% less capacity and an optimised capability, having retired the oldest and least efficient equipment during this rationalisation process. We are still left with significantly more capacity than any other competitor, the broadest range of print formats and the ability to cope with peak seasonal demand – giving us the strongest position in the Australian heatset print market.

Payback upgraded

In February 2017, we announced to the market synergy plans that estimated a spend of $80M to deliver annualised savings of $55M. At year end, within four months of the merger, we had actioned $40M of these annualised cost savings from press fleet rationalisation and cuts in direct wages from headcount reductions. Further reductions in indirect costs, including procurement, paper, ink, freight and plates, are already well underway to deliver the synergies forecast. Pleasingly, we now estimate the spend to achieve these savings has fallen to $75M which is $5M lower than originally estimated.

Having gone into the year with substantial over-capacity in the Australian market, we ended FY17 with a far more efficient and sustainable print industry structure. Within this structure, we now have significant scale and capability for capacity management and improved fleet utilisation, increasing our cost competitiveness.

FY17 results

Following delays in ACCC approval, union consultations and retail sector weakness, FY17 EBITDA ended up at $32.2M within the guidance issued on 2 June 2017. This was $19.0M or 37% lower than $51.2M in the previous year, as lower profits across the PMP Group more than offset four months of profits from the IPMG merged entities.

Sales at $1,051.5M were up by $235.5M or 28.9% on the previous year. Gordon & Gotch sales were up $185M in Australia/ New Zealand as the full year

PMP prints both mass and special interest titles for large and small publishers, reaching millions of readers every month

run rate came through on new contracts while Print Australia sales rose by $63.3M or 31.7% on four months of IPMG trading, partially offset by lower print sales at PMP.

Free cash flow was $37.2M, down $0.3M on the previous year, as better working capital movements, lower interest expense and capex broadly offset lower EBITDA. Working capital was a favourable $12M vs ($3M) in the previous year, representing an $15M improvement. This came from Gordon & Gotch Australia, mostly due to changes in trading terms along with better than expected debtor collections across the Group.

At year end, PMP's Net Debt position is $18.5M, $26.5M better than guidance due mainly to changes in trading terms and better than expected debtor collections, cautious cash forecasting, as well as lower capital expenditure and significant items spend.

Once integration is complete, we intend to pay down debt quickly. PMP is currently on track to be net debt free in FY19.

FY18 outlook

For the first time in a long time, we are optimistic about the year ahead. In FY18, we will complete our synergy program, continue to align the business to market and focus on maintaining our excellent customer service. As the market settles into its new shape, we are confident in our ability to capitalise on our new competitive position and to bring value to our customers. We are also looking forward to operating with low capital expenditure and strong free cash flow.

FY19 will be our first year with full run rate synergy numbers. Looking at our new merged metrics, we expect FY18 EBITDA (before significant items) of $70M-$75M. Given the borrowings required while our transformation is underway, net debt will peak around December 2017 at circa $60M-$65M. It will then reduce rapidly as our annualised cost savings start to come through, with PMP becoming net debt free again in FY19. FY19 target EBITDA (before significant items) remains at $90M-$100M. At that point, we expect Return on Funds Employed will reach a healthy 20%-25%.

Looking even further ahead, our merged company is much better placed to adapt to the realities of the Australian print industry in the coming decade.

Acknowledgements

I acknowledge the hard work of the original PMP executive team and our senior colleagues at IPMG who have made possible the synergies we have already delivered to the market in a very short time frame. I also thank the AMWU for providing constructive input during the restructuring process.

The last year has been tough on the employees of PMP and IPMG, who lived through months of uncertainty as the merger completion dragged on before been thrown into yet more change. I thank them all for their patience, tenacity and professionalism and look forward to a more stable year ahead.

We now have a strong and sustainable business model in print and distribution in Australia and New Zealand. The executive team and I look forward to working with our new merged workforce to create value for our customers and our shareholders.

Clinton Willis

National Sales Director – PMP Print

With almost 20 years' experience in senior roles at PMP Limited, Clinton was appointed General Manager of Sales for PMP Print in 2015 before transferring to the role of National Sales Director following the company's merger with IPMG.

Prior to this, he was based in Perth in the position of General Manager Western Australia. In this role, Clinton led a major transformation of PMP's business in W.A., driving new processes and efficiencies. He is now proud to lead the biggest print industry sales force in Australia.

PMP prints a large number of newspapers and newspaper inserted publications

Craig Dunsford
Strategic Account Director – PMP Print

Craig has joined PMP from IPMG where he served as CEO (Print) since 2013. He spent more than 30 years within IPMG printing businesses with responsibility for areas including technical, operations, customer service, sales and general management. Craig takes an active role in research and development, driving innovation and the adoption of new technologies. He also has a key focus on ensuring PMP customers receive outstanding service and are delivered the highest quality work. Craig is currently Deputy Chairman of Two Sides Australia and Value of Paper and Print. He also serves on the board of the Australasian Catalogue Association.

PRINT AUSTRALIA

Adrian O'Connor CEO Print Australia

Adrian O'Connor leads PMP Print Australia, which represents PMP's Australian heatset, sheetfed, bindery and mailhouse operations in Australia spanning seven production plants. He joined PMP following the merger with IPMG in March 2017 and immediately prior to this was Executive General Manager for IPMG Print with responsibility for all print sites nationally.

Adrian began his career with KPMG working in Assurance and Transaction Services divisions after completing a Bachelor of Commerce, majoring in Accounting and Commercial Law at the University of Sydney. He is a member of the Australian Institute of Chartered Accountants. He joined IPMG in 2005 as Head of Group Internal Audit, later working as Commercial Manager for FPC Magazines and NDD Distribution before joining Hannanprint in 2010 as CFO and becoming General Manager.

Adrian was heavily involved in the proposal to merge PMP and IPMG, understanding the compelling rationale for the transaction from both a Print Executive and Shareholder standpoint. He has overseen significant change since joining PMP, working closely with COO John Nichols to consolidate and integrate the two Print businesses, rationalise the printing fleet and workforce which was completed well ahead of schedule in the four months' post-merger.

Print Australia

$M	FY17	FY16	Var %
Sales Revenue	**263.0**	199.7	31.7
EBITDA*	**16.7**	26.4	(36.8)

** before significant items*

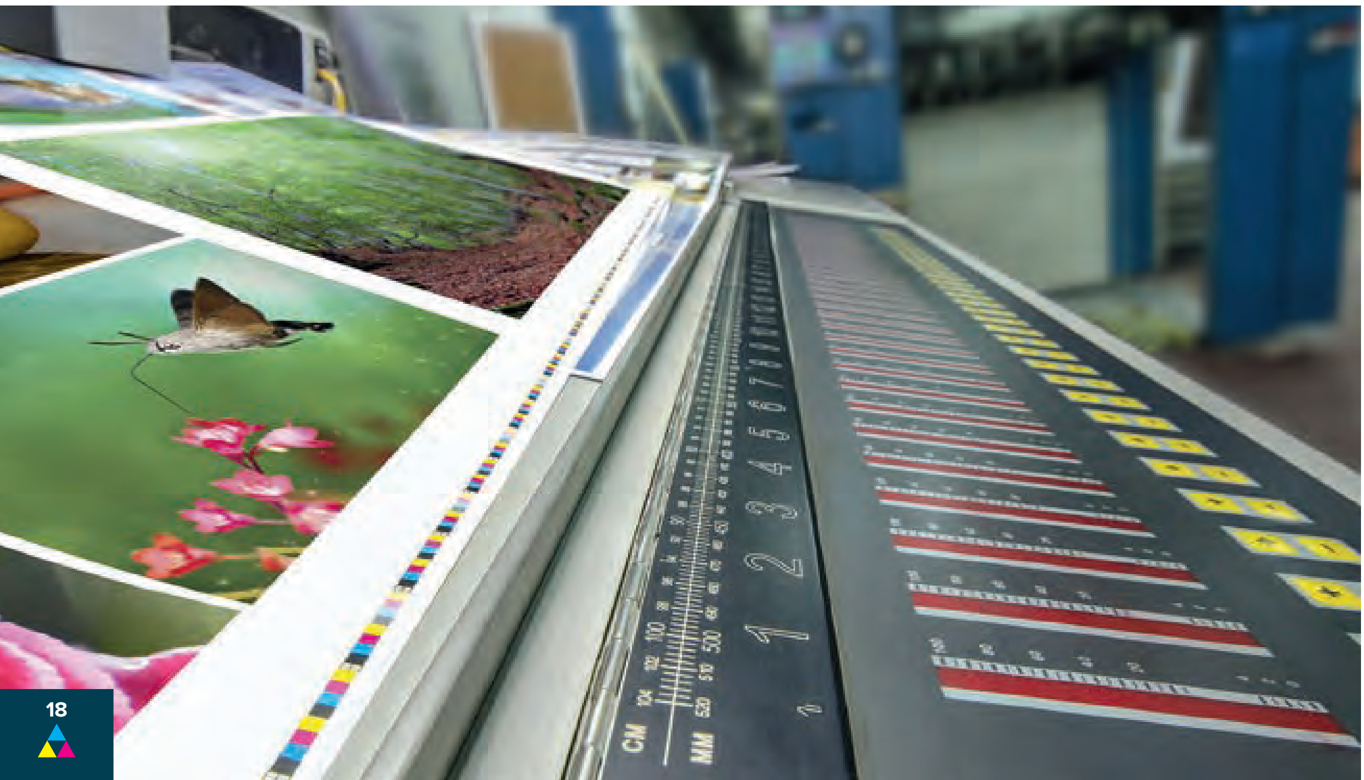
During the year, print market conditions and consumer sentiment continued to remain very tough with many retailers controlling costs via reduced frequency and format and pagination changes and magazine publisher print runs also coming under pressure.

In the first half of the year, as PMP's print customers awaited a decision on the proposed consolidation of PMP and IPMG, the inability to replace lost print contract volumes and a general sell price decline reduced print volumes and revenues.

The second half of the year was largely focused on integrating and optimising the PMP and IPMG press fleets and workforces. In the four months following the merger, the newly formed print division won several new print contracts and also renewed contracts for more than $130M of annual sales with key existing print customers.

Revenues were 31.7% or $63.3M higher pcp. The main factors behind this were the inclusion of four months of IPMG print revenues partially offset by lower PMP print revenues.

EBITDA (before significant items) at $16.7M was down $9.7M, as the impact of higher profits from IPMG print and synergy savings were offset by lower PMP heatset print volumes and sell prices. The combined print sales volumes were up 26.6% pcp as higher tonnes from IPMG outweighed lower PMP activity.



PMP brings together the widest range of press capability with outstanding customer-centric service. More than 100 sales and customer service professionals provide clients with 24/7 support.

Following the merger with IPMG, PMP now has the strongest tier one customer base in the industry. The merger has enabled us to upgrade our press fleet without capital expenditure. PMP now has the widest web presses in the industry with an unrivalled national footprint, giving our customers greater flexibility in formats and paginations, greater speed to market and reduced freight costs through multi-site printing and the country's strongest contingency planning resources.

The focus for FY18 operationally will be to improve the utilisation of our plants and our people by balancing the allocation of production across plants and managing crewing requirements accordingly. This will ensure that work is performed on the best available equipment, while minimising the cost of incremental overtime and casual labour and, in turn, being able to maintain high productivity levels across the business.

Print intends to pursue long-term growth with a focus on continued tight cost control, investment in technology and diversification initiatives. We will continue to review our clients' needs and global trends in print production to identify suitable press and bindery equipment purchases that will give our clients additional efficiency and format flexibility benefits.

In the coming year, we will also build upon our value-added services including:

Mail processing services for clients who want to leverage their customer database with direct mail communication. We will soon become the largest Print Post mailing operation in Australia by insourcing the PMP volumes that are currently lodged via third party mail houses. We already have mail operations in Sydney and Brisbane and anticipate launching into the Melbourne market in due course. This allows speed to market by printing and distributing to customers from the same production site.

Packaging, which is currently provided using sheetfed presses in both Sydney and Brisbane and packaging equipment in Brisbane. We plan to enhance our production capabilities in Sydney.

Point of Sale printing for customers who want to consolidate their catalogue and instore requirements through the same supply chain with one provider.

Personalisation of customer communications via email/SMS marketing platforms with Traction Digital, personalised covers through Griffin Press and digital creative through Holler.

Print

- The merger has enabled PMP to upgrade its press fleet. PMP now boasts the widest web presses in the industry providing clients efficiency of production and flexibility in formats and paginations.
- PMP now has the only national footprint in Australia with locations in Sydney, Melbourne, Brisbane, Perth and Cairns allowing clients greater speed to market and reduced freight costs by multisite printing.
- The Group has retained a modern fleet of equipment including 25 heatset web offset presses nationally, the 3 newest high speed perfect binders in Australia, and 8 high speed Ferag stitchers.
- The breadth of our capacity is the most comprehensive in Australia comprising 16pp, 24pp, 32pp, 48pp, 64pp, 80pp and 96pp presses.
- The variety of PMP presses positions the Group to service increasing market demand for a greater diversity of printed products. There is virtually no product in the heatset web or sheetfed market that PMP cannot print.
- Print Australia revenue at $263.0M is up by $63.3M or 31.7%:
  - Post merger, PMP has retained key customers ($130M sales pa) and won $15M new work
  - Print integration and cost savings programs have been actioned, cost synergies affirmed – with upgraded payback

Market includes:

- Retail catalogues
- Mass market and special interest magazines
- Newspapers and newspaper insert publications
- Government and corporate documents
- Advertising material
- Corporate publications

Seven big print marketing trends to connect with customers

Connecting deeply with customers is the holy grail for new and ongoing sales, and now top brands are focussing on how to create a meaningful relationship through personalised offers.

The brands that stand out genuinely understand customer needs and how to excite people with marketing campaigns that become collectibles.

Here are the top seven print marketing trends making a difference to customers' ad campaigns.

1 Print personalisation goes mainstream

Australia Post is making the Print Post category less restrictive. This opens the way for more versioning and personalisation for subscription magazines and mail order catalogues.

"I see this as a significant opportunity for brands to use the magazine and catalogue channels more effectively for their customers and advertisers," says Adrian O'Connor, CEO, PMP Print Australia.

"We have seen premium brands like Myer lead the way with catalogue personalisation for their most valued customers. Marie Claire has done similar with subscriber names featured on their covers," says Adrian.

The Australia Post changes allow smaller players to also connect more deeply with their customers. As an easy starting point, a personalised or versioned letter or flysheet can be inserted or onserted during the wrapping and mail lodgement process.

2 Print personalisation to drive social buzz

At the leading edge of print personalisation are catalogues based on customer preferences, website search and in-store purchase history.

Retailers are using rich customer data when setting up their accounts. Demographic information is being combined with prior purchases and connected to searches performed on a retailer's website. Within weeks the customer then receives a personalised catalogue including their name, local store and recommended items that best align with their individual wants or desires.

The sophistication will know no end. For example, retailers overseas are experimenting with marketing the remainders of your wedding registry items by offering them at an exclusive price. If none of your wedding guests bought you that fondue set but you really want to make chocolate covered cheese, the store could offer it to you at a discount as part of a loyalty program. It's an innovative exercise for retailers that is yielding high returns.

Print personalisation for magazines, catalogues and direct mail.

3 Unique codes replace generic for better ROI

Unique codes placed on printed catalogues or magazine inserts are a key ingredient in merging print and digital strategies.

Coupon codes are not new, but their strategic use is moving away from just spurring sales. The focus is on leveraging these codes to track customers and sharing data with partners such as advertisers to add more value to relationships.

Unique codes help brands avoid added costs associated with generic ones when they are posted online and go viral; a situation that often costs suppliers more than the benefits of greater sales as more people access the offer, damaging margins.

Unique codes improve return on investment and allow brands to better control budgets related to providing discounts.

4 Visual & touch triggers define and differentiate

Special finishes that are scented or have a high tactile sensation are gaining ever greater cut through for brands aggressively competing to be noticed.

Increasingly, gate folds, wraps and other embellishments are being used to enhance the personalised possibilities of a printed product. Foils, special inks, different cover coatings and fold formats also offer a point of difference for brands.

The brands that use these triggers create a "collectible" mentality within their customers, extending brand loyalty and remarketing opportunities.

5 Custom publishing for deep brand loyalty

Many retailers are investing heavily in branded content. Custom magazines like Outback by R.M. Williams are enjoying steady growth as businesses use the power of this channel to communicate directly with their customers.

Consumers are more likely to buy from a company where they were previously a customer. Custom magazines using client databases provide valuable content that reinforces brand messages, drives deeper brand loyalty and customer retention.

According to a report from the Retail Advertising and Marketing Association, 47% of consumers are also more likely to start an online search after viewing a magazine advertisement. This is a critical path to purchase that brands are using in their decision-making process when embarking on new print campaigns.

6 Print to boost digital engagement

As advertisers and marketers test the wide range of channels open to them, emerging data is showing digital campaigns are far more effective when combined with print.

The Australasian Catalogue Association has found 75% of Australians spend up to 20 minutes per week reading unaddressed catalogues, flyers and brochures that they receive.

Meanwhile, the Direct Mail Association says its channel has a higher conversion rate than any other for lead-generating and one-step 'buy now' offers.

The Association says 65% of consumers of all ages have made a purchase because of direct mail.

Major brands such as Fairfax are already effectively using their print properties to drive digital engagement. Domain Chief Editorial and Marketing Officer Melina Cruickshank says, "not only is print an effective branding tool, it drives Domain tangible digital growth."

"App downloads and social/online usage consistently spike when we use tactical messages in print," she says.

7 Innovative packaging to start conversations

Packaging is continuing its trend of more frequent creative changes. We are seeing more versions to suit broadening product ranges and innovative folding carton solutions that grab the attention of customers. Great packaging helps brands stand out on crowded shelves, sparking interest and sales.

Weight Watchers is just one example of an enduring brand implementing new-look packaging to stand out from competitors.

More brands are considering how packaging can sell the benefits of their products using a strong creative narrative.

The most successful efforts have a wholly integrated marketing campaign using data specialists and drawing on design and print expertise in support of their business goals.

◀ Custom magazines using client databases provide valuable content that reinforces brand messages, drives deeper brand loyalty and customer retention.

Great packaging helps brands stand out on crowded shelves. ▶

DISTRIBUTION & MARKETING SERVICES

Kevin Slaven CEO Distribution & Marketing Services

Kevin leads Distribution & Marketing Services after joining PMP in March 2017, following the merger with IPMG. He was Group CEO for the Hannan family owned company, closely working with the Executive Chairman, Board of Directors and shareholders in facilitating the joining of the two companies.

A Graduate member of the Australian Institute of Company Directors and Institute of Chartered Accountants, Kevin was appointed CEO of IPMG in July 2013 after originally joining the business in 2000 as CFO and Company Secretary. Prior to that he worked in the chartered accounting profession and then subsequently in key commercial roles, including as Commercial Manager of CSR Timber and CFO of leading information technology distributor Tech Pacific.

Kevin is experienced in uniting and evolving diverse businesses and devotes time to researching new technologies, products and services to grow competitive advantage. He is a Director of CompliSpace Pty Limited and is the Deputy Chair of the Australasian Catalogue Association.

PMP's Distribution & Marketing Services business provides clients with a comprehensive range of options to reach consumers

Distribution & Marketing Services

$M	FY17	FY16	Var %
Sales Revenue	595.0	480.7	23.8
EBITDA*	6.5	13.5	(51.5)

** before significant items*

The new Distribution & Marketing Services business comprises Distribution Australia, Marketing Services (PMP and IPMG), Gordon & Gotch Australia and the Griffin Press book printing business. The division's year end results include four months of revenue from the additional IPMG businesses.

In this division, revenue at $595.0M was up by $114.3M pcp as higher revenues at Gordon & Gotch were partially offset by lower sales at both Distribution and Griffin Press.

EBITDA (before significant items) at $6.5M was $7.0M lower pcp mainly due to disappointing performance at both Distribution and Griffin Press.

A review of the new division and its links with the merged print business was completed by year end, with multiple initiatives identified to optimise the business.

FY18

These initiatives will bear fruit in the coming year, with savings commencing in the first quarter of FY18. Our ability to deliver on the new print-related and external growth opportunities identified by the review will be enhanced by a central new business team, which is now running across all Distribution & Marketing Services businesses.

Marketing Services

The merger with IPMG brought with it an award-winning portfolio of marketing services businesses, with sales of around $40M annualised and 200 staff. Together, PMP's marketing services companies provide an integrated offer from creative design, through point-of-sale and social media. They include:

PMP Digital

Marketing hubs supported by photography, design, digital, premedia, packaging and customer workflows.

SBM

Integrated marketing campaigns, including: digital, creative, photography, videography, advertising, campaign planning, strategy, branding, premedia, software and digital printing.

PEP Central

Brand marketing and customer engagement, including: digital print production, point-of-sale, photography, signage, radio and television commercials, apps and websites.

Marketing Services include:

- Creative design
- Marketing automation
- Photography
- Videography
- Point of sale
- Public Relations
- Content
- Social

PMP's range of award-winning digital businesses provide an integrated offer that adds customer value all the way through from creative design to point of sale and social media, with 200 staff and international experience with offices in Singapore, India and London.

Traction Digital
Marketing automation, digital agency and competition and promotions services. Traction is also a partner for the global leading omnichannel marketing platform, Adobe Campaign, which enhances the customer experience at every on and offline touchpoint.

Holler
Digital design, data, brand marketing, loyalty and customer journey mapping and user experience. Holler's clients include some major and well known national retail brands.

Spectrum Group
Audience-centric public relations, print, online and broadcast media content and social media activity.

FY18
In the coming year, we will continue the development and implementation of a broader Group marketing services strategy, looking for opportunities to offer bundled services across the merged client base. For example, Traction will transition to a new platform with self-service functionality and additional retail and competition modules that align with the PMP client base.

We will also further integrate the division to streamline production, standardise processes and drive efficiencies following the recent co-location of Traction, Spectrum and Holler to shared offices in Pyrmont.

Looking at growth opportunities outside the print customer base, with its agile model, Holler has opportunities to support mid-tier and challenger brands needing to adapt to digitalisation. In addition, Spectrum will build on its early successes in Asia, extending offerings to its global clients and establishing new relationships with companies in Singapore.

Griffin Press

During the year, Griffin Press was adversely impacted by the major shift to small order demand which has put significant pressure on delivery schedules, necessitated a shift to digital printing and, along with very aggressive market conditions, resulted in lower sales and profits.

FY18
The next year will focus on rebuilding sales and profitability. We have already identified interventions to improve productivity, reduce costs and grow revenue with new and existing customers.

Gordon & Gotch delivers magazines to newsagents and retail outlets all across Australia

Gordon & Gotch (Australia)

$M	FY17	FY16	Var %
Sales Revenue^	470.5	345.8	36.1
EBITDA*	2.7	2.9	(7.2)

** before Significant Items.*
^ Included in the Distribution and Marketing Services total of $595.0

In FY17, Gordon & Gotch recorded sales of circa $470m. Volumes were up 29% pcp from new contracts. Declines in magazine volumes were offset by operational savings in (mainly freight) network costs and broadening the product offering to newsagents and other outlets.

FY18

In the coming year, we will introduce a number of initiatives to reduce overheads and help offset the decline in gross profit due to reducing magazine volumes. These will include taking advantage of the existing freight platform by diversifying into the distribution of toys, general merchandise and giftware, giving unaffiliated newsagents access to products they otherwise have difficulty sourcing. We will also look to optimise transport, warehousing, pick-and-pack functions and title printing.

Gordon & Gotch (Australia) Magazine Distribution

The largest distributor of print and digital magazines in Australia

- No. 1 market position in magazine distribution.
- Customers include domestic publishers, international publishers and distributors, and diverse category/product/country clients
- Recent renewal of major contracts with improved terms
- Declines in volumes to be offset by a number of new initiatives

David Hogan

General Manager, Gordon & Gotch (Australia and New Zealand)

David Hogan has had 25 years with PMP Limited, joining the company from the finance and banking sector. He was appointed to head up Gordon & Gotch in 2013 after previously holding senior roles in PMP's publishing and distribution areas. With experience in operations, circulation, client services, retail and information technology, David has a wealth of knowledge about the magazine supply chain. He is driving growth at Gordon & Gotch by expanding its retail network and diversifying into digital services offerings.

PMP's nationwide letterbox delivery service provides marketers the opportunity to reach consumers right across Australia

PMP Distribution

National network coverage

- Market share circa 35% – the recent merger with IPMG provides real opportunity to leverage bundled print & distribution offer into tier 2 & 3 retailers
- National network coverage for letterbox delivery – 500 distributors and 12,000 walkers
- Services include:
  - Unaddressed catalogue delivery
  - Targeted catalogue delivery
  - Newspaper delivery
  - Product sample delivery
  - Access to PMP's print post mailhouse – the largest in Australia

PMP Distribution

In FY17, PMP Distribution volumes were down 12% pcp, with 6% of this due to customer withdrawals from the market and the balance due to retailers reducing their marketing budgets in response to challenging market conditions.

The result is in line with industry trends. During the year, 6.9 billion catalogues were delivered across the market, bringing the four-year compound annual growth rate to (3.3%). The year itself was down 7.3% pcp industry wide due to lower volumes from existing customers and the withdrawal from the market of two major distribution customers, which accounted for 30% of the year-on-year reduction.

In the four months post-merger, we began a review of Distribution's structure to ensure it meets existing business requirements and is nimble enough to allow growth in non-traditional sectors, such as newspapers and home-addressed magazines.

FY18

In FY18, while we expect higher volumes on the back of a recent contract win, accessing new revenue streams will remain a priority. Target markets include local area marketing, which has important potential to both generate additional revenue and ensure volumes remain sufficient to sustain the network. We will also focus on increasing quantities of newspaper deliveries and marketing packages to Tier 2 and 3 retailers to bring them back into the catalogue market.

Simon Ellis Managing Director, PMP New Zealand

Simon oversees the development and commercial performance of PMP's New Zealand operations. He was previously CEO of Beacon Media Group for more than five years, expanding the organisation during his tenure to eight businesses responsible for newspaper publishing, property, motoring and farming guides, commercial, digital printing and web offset newspaper production.

Simon also serves as President of the New Zealand Community Newspapers Association. He was a Past President of the Printing Industries Association of Auckland, a past board member and President of Print NZ, which made him a life member in 2008.

PMP New Zealand

PMP New Zealand is the market leader in print and distribution, and the only printer with heatset and sheetfed capacity in both the North and South Islands

- Revenue A$193M

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

DISTRIBUTION

- 50% unaddressed market share, increased focus on tier 2-3 bundled offers

GORDON & GOTCH NEW ZEALAND

- Sole NZ magazine distributor, sales up 230% after new Bauer contract

SHEETFED & MARKETING SERVICES

- 15%-20% market share
- Focus on publishing, real estate and corporate sectors

FY18

- A new allocation system for magazines will be implemented by Gordon & Gotch
- The Auckland site offers a fully integrated supply chain for magazines, from print through into the delivery network
- Letterbox distribution will roll out mapping and real-time delivery reporting


GUNS
THIS WEEK'S specials
countdown
eat well for less
MADE BY KIWIS FOR KIWIS
food
The new Classics
GIVE YOUR COOKING THE WOW FACTOR
Mother's Day menus
FAMILY FAVOURITE
HOLIDAYS THAT WILL MAKE YOU MORE SUCCESSFUL
DRINK WHISKY LIKE A MAN
18 REALISTIC WAYS TO BE HEALTHIER
IS THERE A HOUSING CRISIS CONSPIRACY?
INSIDE CHERNOBYL'S EXCLUSION ZONE
Michael FASSBENDER
SECRETS TO BEING A MODERN GENTLEMAN
BEST HIKES
noel leeming
tech solutions
LIONS ON TOUR: YOUR GUIDE TO THE GAMES, BEERS & BAN
NEW ZEALAND
RUGBY NEWS
CODE RED
WHY 'BEST-IN-THE-WORLD' BEN SMITH IS CRITICAL TO ABs
ALL THE NOSTALGIA DRAGS ACTION
NZV8
Woman's Weekly
SECRETS & SCANDAL
MADDER MAX!
MAKING SENSE OF THE DRAW FOR

PMP New Zealand

$M	FY17	FY16	Var %
Sales Revenue	**193.5**	135.6	(42.7)
EBITDA*	**12.4**	15.0	(17.2)

** before significant items*

In FY17, revenues were $193.5M up $57.9M or 42.7% pcp with higher Gordon & Gotch sales partly offset by lower heatset print revenues. The market continued to operate with competitive margins, with more consolidation occurring in the last 12 months for medium to small sheet-fed printers as volumes declined.

PMP New Zealand EBITDA (before significant items) of $12.4M, was down $2.6M or 17.2% pcp. Higher profits at Gordon & Gotch were offset by lower EBITDA in Print which was impacted by lower sell prices and volumes, despite tight cost controls providing a partial offset.

Gordon & Gotch volumes were 250% higher. Sheetfed revenue up 2.2%. Heatset volumes were 2.7% lower pcp, while Distribution activity was down 1%.

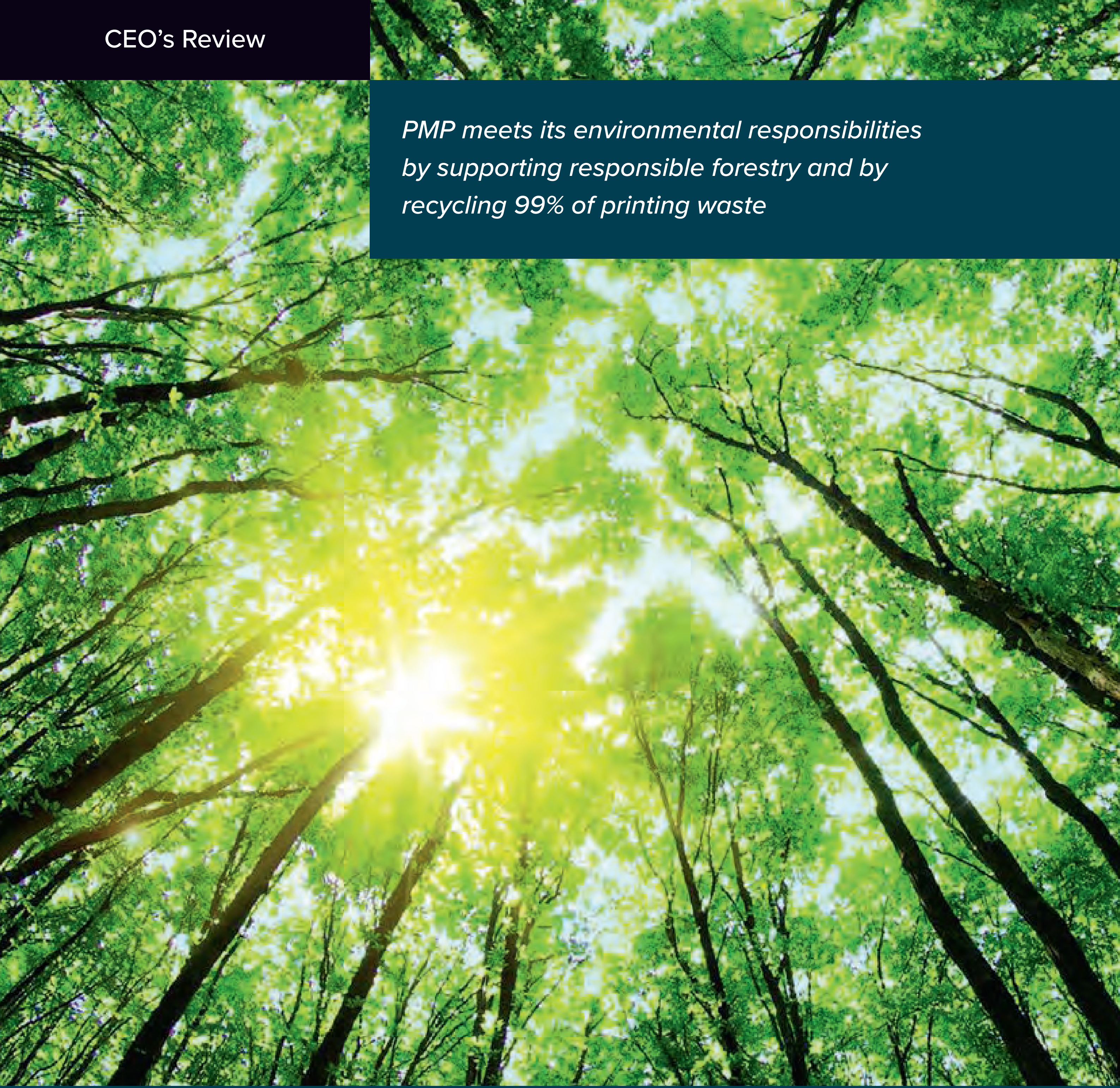
FY18

In New Zealand, technology improvements will be a key focus in FY18, with Gordon & Gotch completing the implementation of a new allocation system for magazines, and letterbox distribution rolling out mapping and real-time delivery reporting. Upgrades in graphics, pre-press and post-press will both drive cost savings and improve customer service.

In magazines, we will benefit from our integrated supply chain, with our operation in Auckland offering a seamless transition from print, across the factory floor and into the Gordon & Gotch retail and subscription delivery network.

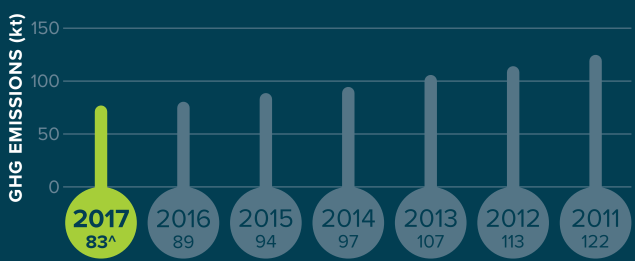
In catalogues, we expect volumes to remain steady. Retail sales continue to show sustained growth in areas that correlate with catalogue volumes, such as supermarkets and furniture, floor coverings and housewares.

PMP meets its environmental responsibilities by supporting responsible forestry and by recycling 99% of printing waste



Greenhouse Gas (GHG) Emissions

PMP Print's comparable year-on-year Greenhouse Gas (GHG) emissions reduced by a further 7% in FY17. PMP will continue to pursue energy efficiency measures across all businesses to further reduce our overall emissions.



^ IPMG businesses were not included for the comparison.

	FY17	FY16	Var %
Print AU	186.6	147.3	26.6
Print NZ	37.3	38.3	(2.7)
Print Tonnes*	**223.8**	**185.6**	**20.6**
Distribution AU	2,129.2	2,423.1	(12.1)
Distribution NZ	625.8	630.6	(0.8)
Distribution Units#	**2,755.1**	**3,053.7**	**(9.8)**
Gordon & Gotch AU	212.6	165.0	28.8
Gordon & Gotch NZ	40.5	11.6	250.2
Gordon & Gotch Copies#	**253.1**	**176.6**	**43.3**

*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 will continue to pursue energy efficiency measures across all businesses to further reduce our overall emissions.

Occupational Health and Safety

	2017	2016	2015
SIFR*	22.1	16.3	16.8

* Significant Injury Frequency Rate

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.

Following the merger with IPMG and the subsequent consolidation of sites, PMP's Lost Time Frequency Injury Rate (LITFR) performance increased from 5.9 occurrences per million man hours worked to 9.03 and its Significant Injury Frequency Rate (SIFR) increased from 16.3 to 22.1.

While the LTIFR 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 indicating lost time injuries but also restricted work injuries and medically treated injuries.

The company also maintained its accreditation for Advanced SafetyMAP®, a recognised safety management system for its existing sites with its new NZ sites being ACC Tertiary Accredited and the former Hannanprint sites being accredited under ISO/AS4801 for Quality, Environment and Safety.

PMP continues it efforts to improve workplace safety through a variety of approaches and will have a particular focus this year on instituting its best safety practices across all sites following the merger with IPMG.

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 2017 and the Auditor's report thereon.

Matthew Bickford-Smith

CHAIRMAN

APPOINTED 2 JUNE 2009

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. He has been a member of the Appointments and Compensation Committee from 2009 and was the Chairman of that Committee until 31 March 2016 and then again from 31 May 2017.

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 Comm, LLB

MANAGING DIRECTOR AND CEO

APPOINTED 22 OCTOBER 2012

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.

Anthony Cheong

FCA (Singapore)

NON-EXECUTIVE DIRECTOR

APPOINTED 4 MARCH 2014

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 28 years of varied financial and corporate experience in the packaging, property, printing, publishing, retail and education sectors.

Mr Cheong has indicated that he will be retiring from the Board on 30 September 2017.

1. Directors

The current Directors of PMP are:

CHAIRMAN
Matthew Bickford-Smith

CHIEF EXECUTIVE OFFICER
Peter George

NON-EXECUTIVE DIRECTORS
Anthony Cheong
Dhun Karai
Stephen Anstice
Michael Hannan

Dhun Karai

B Comm, MBA, MAICD

NON-EXECUTIVE DIRECTOR

APPOINTED 1 JUNE 2016

Ms Karai his been an independent non-Executive Director since 1 June 2016. Ms Karai is a member of the Audit and Risk Management Committee since 1 June 2016. 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 for over ten years as the Head of Group Financial Services at Woolworths Limited. Currently Ms Karai is a Partner at Grant Thornton Australia.

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).

Michael Hannan

NON-EXECUTIVE DIRECTOR

APPOINTED 1 MARCH 2017

Mr Hannan joined the PMP Board on 1 March 2017, following the merger of IPMG Group with PMP. Mr Hannan has been a member of the Appointments and Compensation Committee since 31 May 2017.

Mr Hannan was instrumental in taking IPMG into printing in the early 1970's and in the early 1980's into heatset printing and throughout that time continuing to drive the development of its community newspaper group and its consumer magazine empire.

Under Mr Hannan's chairmanship, IPMG had the largest group of privately owned print and digital marketing services businesses in the southern hemisphere. He also has responsibility for significant Hannan family interests including industrial, commercial and rural and property portfolios together with other key investments.

Stephen Anstice

BA (Economics), Grad Dip (SIA)

NON-EXECUTIVE DIRECTOR

APPOINTED 1 MARCH 2017

Mr Anstice joined the PMP Board on 1 March 2017, following the merger of IPMG Group with PMP. Mr Anstice has been a member of the Audit and Risk Management Committee since 31 May 2017.

Mr Anstice is an immediate past non-Executive Director of IPMG and previously served as CEO of IPMG until June 2013. Mr Anstice also has extensive experience in investment banking and corporate advisory. He is the Chairman of CSG Ltd and a non-Executive Director of Audent Investments Pty Ltd. Mr Anstice has a Bachelor of Arts (Economics) from Macquarie University and a graduate diploma from the Securities Institute of Australia.

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.

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	A Cheong	N. Sparks	D. Karai	S. Anstice	M. Hannan	P.Margin
Board of Directors	Attended	15	15	15	14	15	4	4	3
	Maximum possible attended	15	15	15	15	15	4	4	4
Audit & Risk Management	Attended	4	<a>	4	<a>	4	1	<a>	1
	Maximum possible attended	4	<a>	4	<a>	4	1	<a>	1
Appointment & Compensation	Attended	2	<a>	<a>	2	<a>	<a>	1	<a>
	Maximum possible attended	2	<a>	<a>	2	<a>	<a>	1	<a>

Table 1 – Directors' Meetings

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

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, 2.4, 4.1, 7.2 and 8.1. The departures from the Recommendations predominantly relate to the size and structure of the Board and its Committees.

With the recent change in composition of the Board following the resignation of two independent directors and the appointment of the IPMG nominated directors, the Board and Committees does not currently comprise of a majority of independent directors. The Board is in the process of recruiting independent directors in order that the majority of directors on the Board and Committees are independent. The PMP Board comprised a majority of independent directors until the appointment of two IPMG nominated directors. This flowed through to the Board Committees. Refer Section 5.2.

	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 "Company Secretary - Qualifications & Experience" 5.1 "Board access to information and independent advice"

Recommendation		Section Reference
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"
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"
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"
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 "Directors" 5.1 "Board Independence"
2.4	A majority of the Board of a listed entity should be independent directors.	1 "Directors" 5.1 "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"

	Recommendation	Section Reference
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"
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"
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"

Recommendation		Section Reference
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 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.

With the recent change in composition of the Board following the resignation of two independent directors and the appointment of the IPMG nominated directors, the Board and Committees does not currently comprise of a majority of independent directors. The Board is in the process of recruiting independent directors in order that the majority of directors on the Board and Committees are independent.

While it is not mandatory for directors to hold shares in PMP, directors are encouraged to own shares in PMP and where possible they do so. Their shareholdings are disclosed via the ASX and in the Remuneration Report.

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.

BOARD SKILLS MATRIX

The table below sets out some of the key skills of the Directors and the extent to which they are represented on the Board. The directors therefore believe that the Board has collectively the appropriate mix of backgrounds, expertise, experience and qualifications to effectively advise and set the Company's strategic direction and govern on behalf of shareholders.

Name	Skills and experience	Extent of representation
Stephen Anstice	Manufacturing Investment Strategy Information Technology Corporate Finance Risk Management	Board Audit and Risk Management Committee
Matthew Bickford-Smith	Finance Strategy Manufacturing Risk Management	Board Audit and Risk Management Committee Appointments and Compensation Committee
Anthony Cheong	Finance Publishing Printing Retail	Board Audit and Risk Management Committee
Peter George	Finance Telecommunications Strategy Corporate Finance Transformation	Board
Michael Hannan	Printing Publishing Manufacturing Business Transformation and Diversification Strategy and Business Development	Board Appointments and Compensation Committee
Dhun Karai	Finance Risk Management Business Transformation Digital and Data Analytics Retail Strategy	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 his, their and their collective contribution to the Board.

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.

With the recent change in composition of the Board following the resignation of two independent Directors and the appointment of the IPMG nominated Directors, the Board does not currently comprise of a majority of independent Directors. The Board is in the process of recruiting independent Directors in order that the majority of Directors on the Board are independent.

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. The following directors are not considered to be independent: Mr Cheong, who is directly associated with Fraser & Neave Ltd, a substantial shareholder of the Company; Mr Hannan, who is a substantial shareholder of the Company; and Mr Anstice who is associated with substantial shareholders 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; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement; and if the candidate will qualify as an independent Director.

Each 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 will also provide for time at board meetings to meet without the presence of management.

Details of Board and Committee meetings held during the 2017 financial year and attendance at those meetings are set out on page 38 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:

- Dhun Karai* (Chairman)
- Matthew Bickford-Smith
- Anthony Cheong
- Stephen Anstice

Attendance

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

^ Retired on 25 August 2016.

* Appointed Chairman of the Audit and Risk Management Committee on 26 August 2016.

Appointed 31 May 2017

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.

Since the appointment of Mr Anstice to the Audit and Risk Management Committee on 31 May 2017, the committee has not comprised of a majority of independent directors. This Committee will have a majority of independent directors from 30 September 2017 following Mr Cheong's retirement from 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.

PMP combines the roles and responsibilities of the Audit and the Risk committees in its Audit and Risk Management Committee.

The Audit and Risk Management Committee has direct and unlimited access to the external auditors. The external and internal auditors and the Group OHSE manager have direct and unlimited access to the Audit and Risk Management Committee.

APPOINTMENTS AND COMPENSATION COMMITTEE

Members

The current members are:

- Matthew Bickford-Smith (Chairman)
- Michael Hannan

Attendance

Committee Member	Meetings attended
M Bickford-Smith (Chairman)	2 (out of a possible 2)
M Hannan	1 (out of a possible 1)
N Sparks*	1 (out of a possible 1)

* Naseema Sparks resigned 30 June 2017. Matthew Bickford-Smith resigned as Chairman on 31 March 2016 and was re-appointed as Chairman on 1 July 2017.

Michael Hannan appointed 31 May 2017.

Composition

The Committee consisted of two independent directors until 31 May 2017. Mr Hannan joined the Committee on 31 May 2017. Upon Ms Sparks resignation on 30 June 2017 the Committee no longer had a majority of independent directors. The Board is currently in the process of recruiting additional independent directors in order that the majority of directors on the Board are independent and that following their appointment an independent director will also be appointed to this committee in order to provide for the majority of directors on the committee to be regarded as independent.

The committee's members and their record of attendance in the last financial year are set out above 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 Corporations Act 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, operational and compliance risks during the annual strategic planning cycle, and the quarterly risk management reviews, and recording all identified risks in a comprehensive Risk Register.

The risk management framework is periodically independently reviewed to provide assurance as to the adequacy and effectiveness of the framework, with the last review being undertaken in December 2016.

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:

- Fluctuations in demand volume and the effect of consumer confidence on retail marketing;
- Migration of advertising, entertainment and information media from print to digital platforms;
- Reliance on continuity of supply of utilities, raw material inputs and distribution services; and
- Fluctuations in cost of supply of utilities, raw material inputs and distribution services.

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.

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 auditor function conducts a series of risk-based internal audits based on a rolling annual plan which is aligned to the risks identified in the Company's risk register, and agreed with management.

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 were undertaken by an external firm of accountants until 23 June 2017, and by the Company's in-house internal audit function thereafter.

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 where such trading has received the prior approval from the CEO.

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. Measurable objectives have not been set pending the merger with IPMG and while the subsequent site consolidations and restructuring is being undertaken.

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

Board of Directors	17%
PMP Executive Management Team	11%
PMP Group Employees	30%

* 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 marketing services, digital premedia, commercial printing, 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 2017 was a $126.4 million loss (2016: $0.2 million profit).

6.4 Dividends

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

	2017 $000
Final dividend for the year ended 30 June 2016 of 2.4 cents, unfranked paid on 7 October 2016	7,636
	7,636

	2016 $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 FY17 year, see the CEO's Review on pages 12 to 35 of this Annual Report.

In summary, Sales at $1,051.5 million were up $235.5 million or 28.9% on higher sales at both Gordon & Gotch and Print Australia. FY17 EBITDA (before significant items) at $32.2 million fell by $19.0 million or 37% compared to $51.2 million in the prior period as lower profits across the PMP Group more than offset four months of profits from IPMG Print and Marketing Services.

Sales at Print Australia at $263.0 million were $63.3 million or 31.7% higher as four months of IPMG Print sales offset lower volumes and sell prices at PMP Print. EBITDA (before significant items) at $16.7 million was down $9.7 million as lower sell prices and volumes at PMP Print more than offset four months of IPMG Print profits and integration savings.

Distribution and Marketing Services including Gordon & Gotch had sales of $595.0 million up $114.3 million or 23.8% with Gotch sales up $124.7 million on new contract volumes and new IPMG Marketing Services sales mostly offsetting reductions in Distribution sales down 12% while Griffin tonnes were down 18% on contract losses. EBITDA (pre significant items) was $7.0 million lower as four months of IPMG Marketing Services profits were more than offset by lower outcomes at Distribution and Griffin while Gotch profits were down $0.2 million.

PMP New Zealand sales were up $57.9 million or 42.7% after Gotch revenues rose by $60.4 million on new contract wins, while heatset sales dropped on lower volumes and sell prices. EBITDA (pre significant items) was down $2.6 million as higher outcomes at Gotch were offset by lower EBITDA in Print which was impacted by lower sell prices and volumes while tight cost controls provided a partial offset.

A net loss after tax of $126.4 million was recorded for FY17 which was $126.6 million lower than the $0.2 million profit in FY16 due to a $19.0 million fall in EBITDA (before significant items) and a $112.8 million increase in significant items post tax.

Following the merger there was a major restructure of the print businesses to migrate to a new national manufacturing footprint which involved closing three print sites with significant headcount reductions. Total significant items of $142.6 million pre tax much of which related to the print restructure included $49.9 million of employee related costs, $8.0 million of merger costs, $36.4 million of non cash writedowns of plant & equipment surplus following site closures, $3.7 million of other costs (including press relocations).

In addition, there was $24.6 million of non cash impairments of goodwill at PMPNZ (Print) and Griffin Press as the impairment testing results worsened since December 2016. A $20 million onerous lease provision was raised for the three print sites closed as part of the post merger restructure.

Free cash flow defined as EBITDA (before significant items) less interest paid, tax, capital expenditure and movement in working capital at $37.2 million was down $0.3 million compared to $37.5 million in FY16 as better working capital outcomes, lower interest payments, and reduced capital expenditure broadly offset lower EBITDA (before significant items). Cash flow from Operations at $12.5 million negative was down $44.5 million after a $41.9 million increase in significant items.

The company had $54.3 million of cash at bank and $72.8 million of borrowings at 30 June 2017 resulting in a Net Debt* position of $18.5 million. The Company's net debt to EBITDA (before significant items) of 0.60x has increased from 0.00x in the prior year and interest cover of 6.3x down from 8.5x.

In FY17, the company arranged $65 million of working capital facilities to support the cash spend for the merger integration which was drawn $14.8 million at year end.

* Net debt $18.5M = $40.0M bond + $13.3M Euro loan +$14.8M ANZ Working Capital Loan + ANZ equipment finance loan $7.0M - $2.3M Cross Currency Swap revaluation gain - $54.3M cash (refer Note 12(e)). Excludes prepaid finance costs.

6.6 Significant Changes in the state of affairs

On 28 October 2016 PMP Limited entered into an agreement to merge with the IPMG Group. PMP acquired 100% of IPMG Holdco Pty Ltd in consideration of issuing 187,970,295 PMP shares to the IPMG shareholders, which was completed on 1 March 2017. Following completion of the merger, the company has restructured its print businesses in Australia the details of which are set out in the preceding Review of Operations.

6.7 Risks, likely developments and future prospects

PMP's business segments are primarily in pre-media, 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 45, the Company believes there are a number of operational risks which are inherent in the industry in which it operates. These include fluctuations in demand volume, migration of media from print to digital platforms, the Company's reliance on the continuity of supply of utilities, raw material inputs and distribution services, and fluctuations in the cost of these supplies.

Catalogue and magazine printing and distribution make up the majority of PMP's earnings. Recent experience indicates that retailers are using an integrated advertising approach where online media and traditional media are combined for greater effect.

The Company has a higher degree of confidence in the outlook for the business following the merger with IPMG, 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.

The core print industry has been progressively shrinking for a number of years and with the rationalisation undertaken heat set prices should become more stable. The Company will continue to develop strategies as retail specialists in 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

On 1 March 2017, PMP issued 177,970,295 fully paid ordinary shares pursuant to the completion of the acquisition of IPMG Holdco Pty Ltd. The company also issued 1,885,815 fully paid ordinary shares to those eligible executives who had exercised the right to convert their performance rights into ordinary shares pursuant to the PMP Long Term Incentive Plan.

On 5 May 2017, PMP issued 10,000,000 fully paid ordinary shares, as the withheld consideration shares, pursuant to the completion of the acquisition of IPMG Holdco Pty Ltd.

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 2017:

Description of non-audit services <a>	Australia $	New Zealand $
- Taxation and related advisory services (including IPMG merger due diligence)	555,300	32,504
	555,300	32,504

<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 59.

6.13 Directors' and officers' liability insurance and indemnity

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

The policy agreement prohibits disclosure of the policy terms and the premium paid. Directors and Officers are also indemnified by the Company against all liabilities to another person (other than PMP or a related body corporate) that may arise from their position as Directors or Officers of PMP and the PMP Group. The insurance cover and indemnity is not applicable where the liability arises out of conduct involving a lack of good faith.

6.14 Significant events after balance date

The Directors are not aware of any matter or circumstance post balance date not otherwise dealt with in this report or the consolidated financial statements that has significantly affected or may significantly affect the operations of the PMP Group, the results of those operations or the state of affairs of the Group in subsequent years.

6.15 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 44. 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 the CEO's accommodation allowance 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)

Budgeted EBIT is measured before significant items with the Board retaining discretion to take into account the financial impact of any acquisition, and any other significant restructuring cost or rationalisations within the Group, when calculating EBIT in order that the target is measured on a comparable basis.

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 will not increase the incentive payment above the STI percentage, unless authorised by the CEO and approved by the Appointments and Compensation Committee.

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 under the STI Plan were paid in FY17 as the EBIT hurdle was not achieved. EBIT (pre-significant items) of $3.7 million was significantly less than the EBIT hurdle of 90% of Budgeted EBIT. The safety target for the Group (when taking into account the inclusion of IPMG from 1 March 2017) of LTIFR was 9.03 against a target of 8.74 and SIFR was 22.14 against a target of 19.73 meaning the safety hurdle was also not achieved. The personal objectives were generally achieved but in that the EBIT hurdle was not achieved no payments were made against these personal objectives.

In October 2016 the Board determined that MD and CEO P George and COO J Nichols would be eligible for an additional STI payment equivalent to one year's salary, payable on $40 million annualised savings actioned as part of the synergy program following the merger with IPMG. The CEO's eligibility for this additional STI was disclosed in the Notice of Extraordinary Meeting and related Investor Presentation. The payment of this STI is disclosed in this report.

Following the merger with IPMG, the existing STI structure for employees at IPMG has continued for those employees that have come across in accordance with their contractual entitlements. These employees will migrate to the PMP STI Plan in FY18. Where those existing executives are Key Management Personnel, their STIs are disclosed in this report. PMP has also paid modest bonuses to some managers in recognition of their exceptional efforts involved with the integration of the businesses following the merger with IPMG.

LONG TERM INCENTIVES ("LTIs")

The LTI Plan aligns over a three year time frame executive incentives 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 financial results) to each eligible 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.

No rights were granted in 2016 in light of the pending merger with IPMG. Following the merger the Board through the Appointments and Compensation Committee is currently reviewing the LTI Plan with the intention of better aligning executive incentives with Group strategy and with the interests of shareholders.

As part of the merger with IPMG the Company assumed the existing LTI contractual commitment for IPMG's CEO K Slaven. This LTI provides for the payment of up to $2.5 million upon achievement of specified targets measured over a 5 year period from 1 July 2013 with any final payment due following finalisation of the FY18 financial accounts.

The initial LTI accrual of $0.8 million was increased to $1.6 million as part of the purchase price accounting to reflect pro rata the maximum obligation due at the time of the merger i.e. 1 March 2017.

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).

Rights issued in 2013

As at 25 August 2016, following the announcement of the result to 30 June 2016 to the ASX, the performance rights issued in October 2013 to the eligible executives under the PMP Long Term Incentive Plan were tested. 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 1,077,609 TSR 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 $181.2 million (pre significant items) and where the company achieved between 80 to 110% of Target EBITDA, 50 to 100% of the rights vest pro rata. This resulted in 75% (or 808,206) of these rights vesting.

Rights issued in 2014

As at 25 August 2017, following the announcement of the result to 30 June 2017 to the ASX, the performance rights issued in October 2014 to the eligible executives under the PMP Long Term Incentive Plan will be tested. Under the PMP LTI Plan those senior managers that were awarded performance rights in 2014, and continue to be eligible at the First Exercise Date (28 August 2017), 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 2014, was such that the Company outperformed the 75th percentile when measured against the peer group and accordingly all those performance rights (699,204) that are subject to the TSR hurdle will be capable of vesting.

The Company's performance relative to the EBITDA hurdle for the performance rights issued in 2014, was such that the Company did not achieve 80% of the Target EBITDA over the three years.

Following the merger with IPMG, the Target EBITDA (pre-significant items) was increased to $186.45M to take into account the budgeted additional earnings that were forecast to be included in the PMP's financial results for the remainder of the 2017 financial year. With the consolidation of the businesses and subsequent site closures and press moves, the Board determined that it was more appropriate to increase the target to take into account the joint earnings than it was to endeavour to calculate PMP's EBITDA without the merger taking place.

The Company made $141.5M, which is below the 80% threshold of $149.16 million. This has resulted in no performance rights subject to the EBITDA hurdle 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 executive LTIs performance conditions and achievement assessment methods.

LTI PERFORMANCE HURDLES AND ASSESSMENT METHODS

Performance rights: Issued 1 October 2013, Expiring 31 August 2018	
Rights	Rights - $832,453*. MD/CEO, 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 FY14 - 16 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 FY14 - 16 was measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBTIDA range. In determining the EBITDA, the Board retains the discretion to take into account: the financial impact of any acquisition, and any other significant restructuring costs or rationalisations within the Group in order that the target is measured on a comparable basis.
Assessment Method	Determined on TSR and EBITDA result for FY14, FY15 and FY16.
Vesting	75% vested on 25 August 2016.

Performance rights: Issued 1 October 2014, Expiring 31 August 2019	
Rights	Rights - $224,145*. 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 FY15 - 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 FY15 - 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. In determining the EBITDA, the Board retains the discretion to take into account: the financial impact of any acquisition; and any other significant restructuring costs or rationalisations within the Group when calculating the EBITDA in order that the target is measured on a comparable basis.
Assessment Method	Determined on TSR and EBITDA result for FY15, FY16 and FY17.
Vesting	50%

Performance rights: Issued 1 October 2015, Expiring 31 August 2020	
Rights	Rights - $0. MD/CEO, 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 FY16 - 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 FY16 - 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. In determining the EBITDA, the Board retains the discretion to take into account: the financial impact of any acquisition; and any other significant restructuring costs or rationalisations within the Group when calculating the EBITDA in order that the target is measured on a comparable basis.
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.

TAKE HOME PAY OF THE EXECUTIVE DIRECTOR AND CONTINUING EXECUTIVES FOR THE YEAR ENDED 30 JUNE 2017

2017		Fixed annual remuneration <a>	Non monetary benefits <c>	STI <d>	Total	Performance related remuneration
		$	$	$	$	%
P George	MD and CEO	600,000	73,699	600,000	1,273,699	47
J Nichols	Chief Operating Officer <b>	411,667	—	475,000	886,667	54
G Stephenson	Chief Financial Officer	475,000	—	—	475,000	0
A O'Connor	CEO Print Australia <e>	150,000	—	67,650	217,650	31
K Slaven	CEO Distribution and Marketing Services <e>	253,956	—	273,700	527,656	52
S Ellis	MD - PMP (NZ) Limited	321,634	—	—	321,634	0

Table 3. Take home pay of the Executive Director and continuing Executives for the year ended 30 June 2017.

<a> Fixed annual remuneration based on current gross salary package, which includes base salary, annual leave and superannuation contributions.

<b> J Nichols Fixed Annual remuneration increased from $380,000 to $475,000 on 1 November 2016.

<c> P George salary includes non monetary benefits (inclusive of all applicable taxes) of $73,699 for accommodation as discussed in section 7.6.

<d> For executives covered by PMP's STI Plan, there was no STI payable as the EBIT hurdle was not met.

For the CEO and COO, the PMP Board determined in October 2016 that they would be eligible for an additional STI payment, equivalent to one year's salary, payable on the $40 million annualised savings being actioned as part of the synergy program following the merger with IPMG.

<e> Joined the group when IPMG was acquired on 1 March 2017. Remuneration is for the period from 1 March 2017 to 30 June 2017 and includes the STI that they were eligible for under their existing contracts.

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

PMP SHARE PRICE PERFORMANCE AGAINST ASX ALL ORDS INDEX*

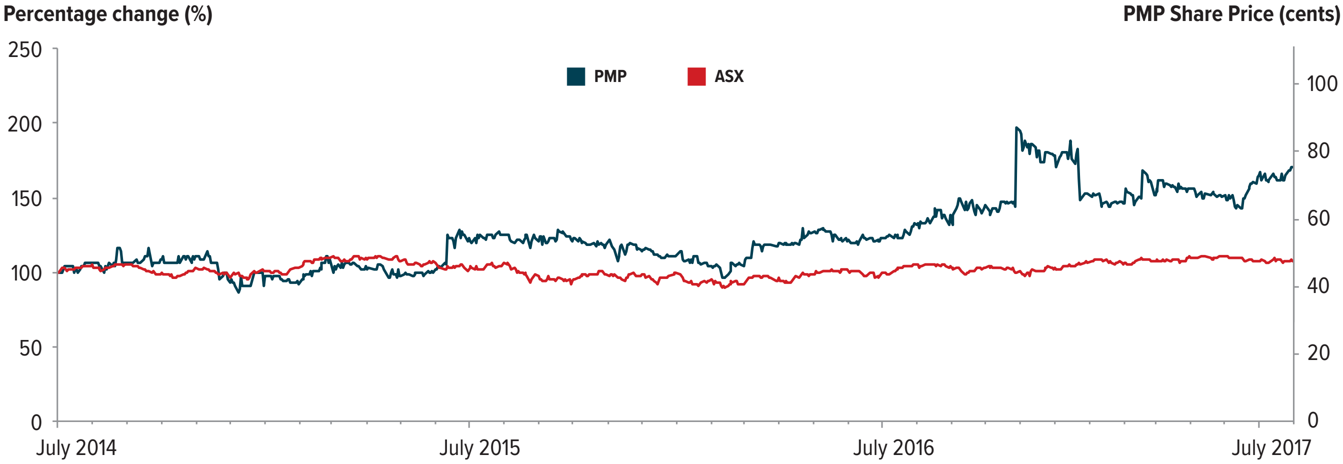


Table 4. PMP Share Price Performance against ASX All Ords Index.

** Source: ASX*

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's current employment contract 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.

Short Term Incentive ("STI"):

Mr Peter George has an STI of up to 100% of his fixed remuneration for FY17, dependent on achieving a number of targets including EBIT and safety:

- Budgeted EBIT (pre-significant items) (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 unless at least 90% of budgeted EBIT is achieved.

No STI is payable for the 2017 financial year under the STI Plan as the EBIT hurdle was not achieved. EBIT (pre-significant items) of $3.7 million was less than 90% of budgeted EBIT. The safety target for the Group (when taking into account the inclusion of IPMG from 1 March 2017) of LTIFR was 9.03 against a target of 8.74 and SIFR was 22.14 against a target of 19.73 meaning the safety hurdle was also not achieved. The personal objectives related were achieved in these predominantly related to the achievement of the merger with IPMG.

Mr Peter George has also been provided with an incentive of an additional one years base salary where he achieves an agreed set of key performance indicators linked to the $40 million annualised synergies the company is forecasting to be achieved following the merger with IPMG, which was 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.

REMUNERATION SUMMARY

The remuneration paid to Mr Peter George for the year ended 30 June 2017 is set out in the table below:

Salary Component	2017
- Base Salary (including superannuation)	600,000
- Non Monetary Benefits *	73,699
- LSL	50,166
- STI: Cash <a>	600,000
- STI: Shares <a>	–
- LTI <b>	215,752
Total	1,539,617

Table 5. Chief Executive Officer remuneration.

* Non monetary benefits includes accommodation of $73,699.

<a> No STI for the 2017 financial year under the PMP plans was payable as the EBIT hurdle was not achieved. The PMP Board determined in October 2016 that Mr George would be eligible for an additional STI payment, equivalent to one year's salary, payable on the $40 million annualised savings being actioned as part of the synergy program following the merger with IPMG.

<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	Managing Director and Chief Executive Officer (Refer Section 7.6 for remuneration details.)
J Nichols	Chief Operating Officer
G Stephenson	Chief Financial Officer
S Ellis	Managing Director - PMP (NZ) Limited
A O'Connor	CEO Print Australia
K Slaven	CEO Distribution and Marketing Services

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.
A O'Connor <a>	6 Months	6 Months	No specific termination payment provided for.
K Slaven <b>	Fixed term until 30 June 2018	Fixed term until 30 June 2018	No specific termination payment provided for.
S Ellis	6 Months	6 Months	No specific termination payment provided for.

Table 6. Executive Employment Contracts.

<a> Joined when IPMG was acquired. Employment terms are same as all other Executives.

<b> Joined when IPMG was acquired. Employment terms are same as previously agreed with the acquired company, IPMG.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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	Grand total
			Salary	Non Monetary Benefits	STI	Post Employment Superannuation	LSL	LTI			
			$	$	$	$	$	$	$	$	$
P George	<a><f>	2017	580,379	73,699	600,000	19,621	50,166	—	1,323,865	215,752	1,539,617
	<a>	2016	547,945	72,855	—	52,055	—	—	672,855	302,871	975,726
J Nichols	<f>	2017	392,051	—	475,000	19,616	12,977	—	899,644	25,543	925,187
		2016	347,032	—	—	32,968	5,875	—	385,875	130,728	516,603
G Stephenson		2017	455,384	—	—	19,616	7,489	—	482,489	31,928	514,417
		2016	455,692	—	—	19,308	7,669	—	482,669	162,428	645,097
A. O'Connor	<b><g>	2017	141,959	—	67,650	8,041	8,853	—	226,503	—	226,503
K. Slaven	<c><g>	2017	245,356	—	273,700	8,600	4,513	300,000	832,169	—	832,169
P Trainor	<d>	2016	125,557	—	—	—	—	—	125,557	(35,660)	89,897
S Ellis	<e>	2017	312,531	—	—	9,103	—	—	321,634	—	321,634
	<e>	2016	28,492	—	—	855	—	—	29,347	—	29,347
Total Remuneration KMP (excluding Non-Executive Directors)											
		2017	**2,127,660**	**73,699**	**1,416,350**	**84,597**	**83,998**	**300,000**	**4,086,304**	**273,223**	**4,359,527**
		2016	1,504,718	72,855	—	105,186	13,544	—	1,696,303	560,367	2,256,670

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 $73,699 (2016: $72,855) for accommodation as discussed in section 7.6.

<b> Joined PMP from IPMG when it was acquired on 1 March 2017. Salary reported covers period from 1 March 2017 to 30 June 2017.

<c> Joined PMP from IPMG when it was acquired on 1 March 2017. Salary reported covers period from 1 March 2017 to 30 June 2017. Details of Mr Slaven LTI scheme in 7.3.

<d> Completion 20 November 2015 (Termination payment of A$239,321 excluded. Payment made on 27 November 2015). 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.

<e> Appointed Managing Director of PMP (NZ) Limited on 30/05/16. New Zealand dollar payment converted into Australian dollars at the profit and loss exchange rate prevailing at June 16 and June 17.

<f> The Board determined in October 2016 P George and J Nichols would be eligible for an additional STI payment equivalent to one year's salary payable on the $40 million annualised savings being actioned as part of the synergy program following the merger with IPMG.

<g> The STI relates to their contractual entitlement during their employment at IPMG and was accrued as part of the merger.

KEY MANAGEMENT PERSONNEL ACHIEVEMENT OF PERFORMANCE HURDLES

	Fixed annual remuneration	Non monetary benefits	Maximum STI	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 <d>	600,000	73,699	1,200,000	600,000	50	386,229	2,259,928	1,273,699	70
J Nichols	411,667	—	665,000	475,000	71	115,367	1,192,034	886,667	65
G Stephenson	475,000	—	237,500	—	—	144,208	856,708	475,000	45
A O'Connor <f>	150,000	—	82,500	67,650	82	—	232,500	217,650	35
K Slaven <f>	253,956	—	280,000	273,700	—	300,000	833,956	527,656	70
S Ellis <e>	321,634	—	—	—	—	—	321,634	321,634	—

Table 8. Key management personnel achievement of performance hurdles.

<a> For executives covered by PMP's STI plan, there was no STI payable as the EBIT hurdle was not met. For P George and J Nichols, the PMP Board determined in October 2016 that they would be eligible for an additional STI payment, equivalent to one year's salary, payable on the $40 million annualised savings being actioned as part of the synergy program following the merger with IPMG. A O'Connor and K Slaven joined the company on 1 March 2017 and the STI reflects their existing contractual entitlement to an STI.

<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 have vested.

<c> All long term incentives (LTIs) are composed of "rights" with the exception of the existing LTI scheme for K Slaven. The value for the rights 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'. K Slaven's entitlement is based on cash based LTI scheme which is described under LTIs at 7.3.

<d> Salary includes non monetary benefits of $73,699 for accommodation as disclosed in section 7.6.

<e> S Ellis appointed Managing Director of PMP (NZ) Limited on 30 May 2016. Remuneration paid in New Zealand dollars. New Zealand dollar remuneration converted into Australian dollars at the profit and loss rate prevailing at June 2017.

<f> Commenced 1 March 2017.

SHARE RIGHTS

No Directors (apart from the Managing Director) were granted or hold rights over shares of PMP Limited. During and since the end of the financial year none of directors and top 5 remunerated officers were granted share rights. The table below list only those officers of the top 5 remunerated officers who had share rights vested during the year ended 30 June 2017. All top 5 remunerated officers are listed for the year to 30 June 2016.

TOP 5 REMUNERATED PERSONNEL RIGHTS GRANTED

	30 June 2017		30 June 2016						
	Granted number	Vested Number <a>	Granted number	Grant date	Value per right at grant date $	Exercise price per share $	First exercise date	Last exercise date	Vested Number <d>
P George	—	—	3,000,000	01/10/2015	<b>	N/A	<c>	31/08/2020	1,837,500
A Clarkson	—	368,015	260,000	01/06/2016	<e>	N/A	<c>	31/08/2020	782,031
J Davies <f>	—	—	124,432	01/06/2016	<e>	N/A	<c>	31/08/2020	—
D Hogan	—	176,930	125,000	01/06/2016	<e>	N/A	<c>	31/08/2020	—
J Nichols	—	488,971	345,455	01/06/2016	<e>	N/A	<c>	31/08/2020	1,039,063
G Stephenson	—	611,213	431,818	01/06/2016	<e>	N/A	<c>	31/08/2020	1,162,110
Total	**—**	**1,645,129**	**4,286,705**						**4,820,704**

Table 9. Top 5 remunerated personnel rights granted.

<a> As at 25 August 2016, following the announcement of the result to 30 June 2016 to the ASX, the performance rights issued in October 2013 to the CEO and eligible executives under the PMP LTI Plan that exceeded the hurdles were vested.

<b> 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).

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

<d> 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 vested.

<e> 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).

<f> One of the top 5 remunerated executives for 2016 only.

RIGHTS HOLDINGS KEY MANAGEMENT PERSONNEL (EXCLUDING NON-EXECUTIVE DIRECTORS)

	Balance 1 July 2016	Granted as Remuneration	Rights Exercised <a>	Rights Lapsed <b>	Rights Cancelled	Other	Balance 30 June 2017
2017							
P George	3,000,000				—	—	3,000,000
J Nichols	1,300,112	—	(488,971)	(69,853)	—	—	741,288
G Stephenson	1,625,139	—	(611,213)	(87,316)	—	—	926,610
S Ellis <d>	—	—	—	—	—	—	—
A O'Connor	—	—	—	—	—	—	—
K Slaven	—	—	—	—	—	—	—
Total	**5,925,251**	**—**	**(1,100,184)**	**(157,169)**	**—**	**—**	**4,667,898**

	Balance 1 July 2015	Granted as Remuneration	Rights Exercised	Rights Lapsed <e>	Rights Cancelled	Other	Balance 30 June 2016
2016							
P George	2,100,000	3,000,000	(1,837,500)	(262,500)	—	—	3,000,000
J Nichols	2,142,157	345,455	(1,039,063)	(148,437)	—	—	1,300,112
G Stephenson	2,521,446	431,818	(1,162,110)	(166,015)	—	—	1,625,139
P Trainor <c>	192,484	—	—	—	—	(192,484)	—
S Ellis <d>	—	—	—	—	—	—	—
Total	**6,956,087**	**3,777,273**	**(4,038,673)**	**(576,952)**	**—**	**(192,484)**	**5,925,251**

Table 10. Rights holdings Key Management Personnel (excluding Non-Executive Directors).

<a> Performance rights issued in October 2013 were exercised on 1 March 2017.

<b> Lapse of 25% of EBITDA performance rights issued in October 2013.

<c> Resigned 20 November 2015.

<d> Appointed Managing Director of PMP (NZ) Limited on 30 May 2016.

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

SHAREHOLDINGS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

2017	Balance 1 July 2016	Allotted or Exercise of Rights	Acquired	Disposed	Other	Balance 30 June 2017
Directors						
M Bickford-Smith	200,000	—	—	—	—	200,000
P George	2,029,006	—	—	(1,000,000)	—	1,029,006
A Cheong	—	—	—	—	—	—
M Hannan	—	48,110,997 <a>	—	(8,018,500)	—	40,092,497
D Karai <c>	—	—	30,000	—	—	30,000
N Sparks	—	—	—	—	—	—
S Anstice	—	—	—	—	—	—
P Margin	49,900	—	—	—	(49,900) <f>	—
Total	**2,278,906**	**48,110,997**	**30,000**	**(9,018,500)**	**(49,900)**	**41,351,503**
Executives						
J Nichols	519,532	488,971 <b>	—	(519,500)	—	489,003
G Stephenson	631,055	611,213 <b>	—	(500,000)	—	742,268
S Ellis <d>	—	—	—	—	—	—
K Slaven	—	—	—	—	—	—
A O'Connor	—	46,597,836 <e>	—	—	—	46,597,836
Total	**1,150,587**	**47,698,020**	**—**	**(1,019,500)**	**—**	**47,829,107**

Table 11. Shareholdings of Key Management Personnel.

<a> Shares issued as part of IPMG acquisition.

<b> Shares issued upon exercise of rights issued in October 2013 pursuant to PMP's LTI Plan.

<c> Appointed a Non-Executive Director and member of the Audit and Risk management Committee on 1 June 2016.

<d> Appointed Managing Director of PMP (NZ) Limited on 30 May 2016.

<e> Shares issued as part of IPMG acquisition. Shares are held jointly with Richard O'Connor.

<f> Resigned from the Board on 25 August 2016. Shareholdings are no longer reported.

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.

	*
Chairman of the Board	$186,752
Non-Executive Director	$82,125
Chair of Audit and Risk Management Committee	$28,470
Member of Audit and Risk Management Committee	$14,235
Chair of Appointments and Compensation Committee	$28,470
Member of Appointments and Compensation Committee	$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 DIRECTOR REMUNERATION

Specified Directors		Salary & Fees	Non Monetary Benefits	Post Employment Superannuation	Short Term Incentive	Long service leave	Equity Rights <c>	Grand Total
		$	$	$		$	$	$
Total Remuneration: Non-Executive Directors								
M Bickford-Smith (Board Chair)	2017	196,550	—	18,672	—	—	—	215,222
	2016	195,800	—	18,601	—	—	—	214,401
A Cheong <a>	2017	88,000	—	—	—	—	—	88,000
	2016	87,250	—	—	—	—	—	87,250
P Margin	2017	16,833	—	1,599	—	—	—	18,432
	2016	96,500	—	9,168	—	—	—	105,668
N Sparks	2017	101,000	—	9,595	—	—	—	110,595
	2016	87,500	—	8,313	—	—	—	95,813
D. Karai	2017	99,069	—	9,412	—	—	—	108,481
	2016	7,333	—	697	—	—	—	8,030
S. Anstice	2017	26,083	—	2,478	—	—	—	28,561
	2016	—	—	—	—	—	—	—
M. Hannan	2017	—	—	28,561	—	—	—	28,561
	2016	—	—	—	—	—	—	—
Total	2017	527,535	—	70,317	—	—	—	597,852
	2016	474,383	—	36,779	—	—	—	511,162
Total Remuneration: Executive Directors								
P George (CEO) <b>	2017	580,379	73,699	19,621	600,000	50,166	215,752	1,539,617
<b>	2016	547,945	72,855	52,055			302,871	975,726
Total	2017	580,379	73,699	19,621	600,000	50,166	215,752	1,539,617
	2016	547,945	72,855	52,055	—	—	302,871	975,726
Total Remuneration: Directors								
Total	**2017**	**1,107,914**	**73,699**	**89,938**	**600,000**	**50,166**	**215,752**	**2,137,469**
	2016	1,022,328	72,855	88,834	—	—	302,871	1,486,888

Table 12. Specified Director remuneration.

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

<b> P George salary includes non monetary benefits being $73,699 (2016: $72,855) for accommodation as disclosed in section 7.6

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

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

Matthew Bickford-Smith
Chairman

Peter George
Managing Director and Chief Executive Officer

Sydney, 31 August 2017

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 2017

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 2017, 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

JL Gorton

JL Gorton
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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 FY17 was $1,051.5 million, a 28.9% or $235.5 million increase on the prior year. Sales at Gordon & Gotch at $470.5 million were up $124.7 million year-on-year as new contract revenues more than offset the reduction in volumes from existing customers. At Print Australia, sales of $263.0 million were up $63.3 million or 31.7% as four months of IPMG print sales offset lower volumes and sell prices at PMP print. Distribution Australia volumes were 12% lower year-on-year with 6% due to customer withdrawals from the market and the balance due to retailers reducing their marketing spend in challenging market conditions. Gotch sales were up 36.1% while Griffin tonnes fell 18% on contract losses. In New Zealand, Gotch sales rose by $60.4M or 228% with volumes up 250% on the full year flow through of new contracts, while heatset print sales fell $5.4M or 7.3% on lower sell prices and volumes.

Earnings Before Interest Tax and Depreciation ("EBITDA")

The full-year EBITDA (before significant items) at $32.2 million, was down 37% or $19.0 million on the prior year EBITDA (before significant items) of $51.2 million, as lower profits across the PMP Group more than offset the inclusion of four months of profits from IPMG Print and Marketing Services companies. At Print Australia, EBITDA (before significant items) at $16.7 million was down $9.7 million as lower sell prices and volumes at PMP Print more than offset four months IPMG Print profits and integration savings. Distribution & Marketing Services EBITDA (pre significant items) was $7.0 million lower as four months of IPMG Marketing Services profits were offset by lower outcomes at both Distribution and Griffin on lower volumes year-on-year. In New Zealand EBITDA (pre significant items) was down $2.6 million year-on-year as higher profits at Gotch were offset by lower print EBITDA due to lower sell prices and volumes with tight cost controls providing a partial offset.

Net Profit After Tax ("NPAT")

A net loss after tax of $126.4 million was recorded for FY17 which was $126.6 million lower than the $0.2 million profit in the previous year due to a $19.0 million fall in EBITDA (before significant items) and a $112.8 million increase in significant items post tax, much of which related to undertaking a major restructure of the combined Print business with three sites closing. Total significant items were $142.6 million pre tax which included $49.9 million of redundancy/employee related costs, $8.0 million of merger costs, $24.6 million of non cash impairments of goodwill at PMPNZ and Griffin, onerous lease provision of $20 million and $36.4 million of non cash writedown of plant and equipment surplus following closure of print sites and $3.7 million other (includes press relocations etc).

Cash Flow

The Group's free cash flow* was $37.2 million down $0.3 million compared to $37.5 million in FY16 as better working capital outcomes, lower interest expense and reduced capital expenditure offset lower EBITDA (before significant items)**. Working capital movements were $14.8 million favourable to last year due to changes in trading terms along with better than expected debtor collections. Cash from operations at minus $12.5 million was down $44.5 million after a $41.9 million increase in significant items. Net cash flow at $10.7 million negative was $27.0 million lower year-on-year after $41.9 million higher significant items were mostly offset by $17.5 million lower investing and capital management cash flows.

Balance Sheet

At year end, net assets for the group were $255.1 million, down $4.3 million from $259.4 million in the previous year with $128.8 million new shares and assets acquired as part of the IPMG merger offset by the FY17 statutory loss of $126.4 million. The merger with IPMG resulted in 188 million new shares being issued and $34.8 million of goodwill being the difference between the fair value of assets acquired and the value of PMP shares issued at prevailing share price on completion.

In addition, at merger completion an existing IPMG equipment finance loan from ANZ for $8.5M which was matched by cash acquired. At June 2017, the company had a net debt position of $18.5 million *** vs Net cash of $0.7 million in FY16.

Interest cover was 6.3x vs 8.5x in the prior period. During the year the company put a new $65 million ANZ Facility in place to assist with the funding of the post merger expenditure.

Capital Management

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 was higher than the policy of 75% dividends and is an exception rather than a change to the policy.

In October 2016, following announcement of the merger with IPMG, capital management distributions were suspended. As much of the cash spend relating to the merger will be completed by December 2017, the company plans to recommence capital management in the second half of fiscal 2018.

* 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 Debt $18.5M = $40M Bond + $13.3M Euro loan + $14.8M ANZ Working Capital Facility + ANZ equipment finance loan $7.0M - Cross Currency Swap Revaluation $2.3M gain - $54.3M cash (refer Note 13(e)). Excludes prepaid finance costs.

Highlights

$M	2017	2016	% Change
EBITDA (before significant items)	**32.2**	51.2	(37.0%)
Depreciation & Amortisation	**(28.5)**	(27.9)	2.3%
EBIT (before significant items)	**3.7**	23.3	(84.2%)
Financing Costs*	**(5.1)**	(5.9)	(13.8%)
Income Tax expense (before significant items)	**(0.5)**	(5.5)	—
Net (Loss)/Profit (before significant items)	**(1.9)**	11.8	—
Significant items	**(142.6)**	(14.6)	—
Income Tax benefit on significant items	**18.1**	2.9	—
Net (Loss)/Profit after income tax	**(126.4)**	0.2	—

* 2017 excludes Significant Item for the year ended 30 June 2017 of Nil (2016: $2.333 million)

Segment Revenue

$M	2017	2016	VARIANCE
Sales Revenue			
Print Australia	**263.0**	199.7	31.7%
Distribution and Marketing Services	**124.5**	134.9	(7.7%)
Gordon and Gotch	**470.5**	345.8	36.1%
PMP New Zealand	**193.5**	135.6	42.7%
Total	**1,051.5**	816.0	28.9%

Segment EBITDA (before significant items)

$M	2017	2016	VARIANCE
EBITDA (before significant items)			
Print Australia	**16.7**	26.4	(36.8%)
Distribution and Marketing Services	**3.9**	10.6	(63.4%)
Gordon and Gotch	**2.7**	2.9	(7.2%)
PMP New Zealand	**12.4**	15.0	(17.2%)
Corporate	**(3.5)**	(3.7)	(7.3%)
Total	**32.2**	51.2	(37.0%)

Cash Flow

$M	2017	2016
EBITDA (before significant items)	**32.2**	51.2
Borrowing costs	**(4.9)**	(6.5)
Income tax payments	**(0.1)**	—
Net movement in working capital	**11.9**	(2.9)
Trading cash flow	**39.1**	41.7
Significant items	**(51.6)**	(9.7)
Cash flow from operating activities	**(12.5)**	32.0
Asset sales	**0.3**	2.4
Capital expenditure	**(2.0)**	(4.2)
Dividends paid	**(7.6)**	(9.7)
Share buy-back	**—**	(4.1)
Acquisition cash from controlled entity	**11.1**	—
Net cash flow	**(10.7)**	16.3
Gain/(Loss) on New Zealand debt/cash	**(0.1)**	0.7
Take on borrowings - IPMG equipment loan	**(8.5)**	—
Reconciliation to net debt movement	**(19.2)**	17.0
Free cash flow*	**37.2**	37.5

Balance Sheet Year ended 30 June

$M	2017	2016
Current assets	**285.8**	238.7
Non-current assets	**284.2**	238.2
Total assets	**570.0**	476.9
Current liabilities	**241.9**	161.0
Non-current liabilities	**73.1**	56.5
Total liabilities	**315.0**	217.5
Net assets	**255.1**	259.4

* 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 2017	**NOTES**	**2017 $'000**	**2016 $'000**
Continuing operations			
Sales revenue	2(a), 20	**1,051,483**	815,979
Other revenue	2(a), 20	**6,139**	4,137
Raw materials and consumables used		**(198,627)**	(158,471)
Cost of finished goods sold		**(489,667)**	(323,478)
Employee expenses		**(283,312)**	(219,416)
Outside production services		**(12,784)**	(12,658)
Freight		**(38,840)**	(22,420)
Repairs and maintenance		**(15,659)**	(11,236)
Occupancy costs		**(43,194)**	(18,789)
Other expenses		**(85,922)**	(14,715)
Depreciation and amortisation	2(e), 20	**(28,549)**	(27,914)
Finance costs	3	**(5,087)**	(8,266)
(Loss)/profit before income tax	2(c)	**(144,019)**	2,753
Income tax benefit/(expense):			
Current tax benefit/(expense) in respect of the current period		**13,353**	(223)
Deferred tax benefit/(expense) in respect of the current period		**4,239**	(2,345)
Total tax benefit/(expense)	4	**17,592**	(2,568)
Net (loss)/profit after income tax		**(126,427)**	185
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gain/(losses)	21	**278**	(210)
Income tax relating to items that will not be reclassified subsequently		**(83)**	63
		195	(147)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(341)**	4,873
Gain/(loss) on cash flow hedges taken to equity		**1,382**	(1,682)
Income tax relating to items that may be reclassified subsequently		**(408)**	490
		633	3,681
Other comprehensive income for the period (net of tax)		**828**	3,534
Total comprehensive (loss)/profit for the year		**(125,599)**	3,719
Basic earnings per share (cents)	25	**(33.3)**	0.1
Diluted earnings per share (cents)	25	**(32.9)**	0.1
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)	25(a)	**379,850**	322,126

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

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
Current assets			
Cash and cash equivalents	26(b)	**54,340**	54,103
Receivables	5	**117,280**	96,277
Inventories	6	**106,830**	85,602
Financial assets	14	**786**	248
Other	7	**6,565**	2,465
Total current assets		**285,801**	238,695
Non-current assets			
Property, plant and equipment	8	**175,095**	155,944
Deferred tax assets	10	**66,782**	49,335
Goodwill and intangible assets	9	**37,648**	27,514
Financial assets	14	**1,802**	2,381
Other	7	**2,914**	3,072
Total non-current assets		**284,241**	238,246
Total assets		**570,042**	476,941
Current liabilities			
Payables	11	**173,838**	139,371
Interest bearing liabilities - financial institutions	12(a)	**19,842**	2,518
Income tax payable		**29**	12
Financial liabilities	14	**620**	1,093
Provisions	13	**47,587**	18,009
Total current liabilities		**241,916**	161,003
Non-current liabilities			
Interest bearing liabilities - financial institutions	12(b)	**53,654**	51,988
Financial liabilities	14	**—**	12
Provisions	13	**19,421**	4,519
Total non-current liabilities		**73,075**	56,519
Total liabilities		**314,991**	217,522
Net assets		**255,051**	259,419
Equity			
Contributed equity	15	**482,819**	353,227
Reserves	17	**12,022**	12,063
Accumulated losses		**(239,790)**	(105,871)
Total equity		**255,051**	259,419

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 2017	**NOTES**	**2017 $'000**	**2016 $'000**
Cash flows from operating activities			
Receipts from customers		**1,191,633**	881,959
Payments to suppliers and employees		**(1,199,806)**	(842,695)
Fee for early termination of corporate bond	2(b), 3	**–**	(1,500)
Interest received		**673**	787
Interest and other costs of finance paid		**(4,887)**	(6,520)
Income tax (paid)/received		**(113)**	(8)
Net cash flow (used in)/provided by operating activities	26(a)	**(12,500)**	32,023
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,950)**	(4,232)
Proceeds from sale of property, plant and equipment		**265**	2,398
Acquisition of controlled entity		**11,134**	–
Net cash flow provided by/(used in) investing activities		**9,449**	(1,834)
Cash flows from financing activities			
Repayment of corporate bond	12	**–**	(50,000)
Repayments of borrowings		**(3,848)**	(2,441)
Proceeds from new borrowings	12	**14,826**	40,000
Dividends paid to company's shareholders	16	**(7,636)**	(9,715)
Payment for share buy-back	15	**–**	(4,141)
Net cash flow provided by/(used in) financing activities		**3,342**	(26,297)
Net increase in cash and cash equivalents		**291**	3,892
Cash and cash equivalents at the beginning of the financial year		**54,103**	49,529
Effects of exchange rate changes on cash and cash equivalents		**(54)**	682
Cash and cash equivalents at end of the financial year	26(b)	**54,340**	54,103

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 2017	Attributable to equity holders of PMP Limited					
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 (expense)/income 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
At 1 July 2016	353,227	(105,871)	11,491	1,523	(951)	259,419
Currency translation differences	–	(51)	(341)	–	–	(392)
Cash flow hedges (net of tax)	–	–	–	–	974	974
Defined benefit plan (net of tax)	–	195	–	–	–	195
Total income/(expense) recognised directly in equity	–	144	(341)	–	974	777
Loss for the year	–	(126,427)	–	–	–	(126,427)
Total comprehensive (expense)/income for the year	–	(126,283)	(341)	–	974	(125,650)
Dividends~	–	(7,636)	–	–	–	(7,636)
Share buy-back	128,760	–	–	–	–	128,760
Share-based payments*	832	–	–	(674)	–	158
At 30 June 2017	**482,819**	**(239,790)**	**11,150**	**849**	**23**	**255,051**

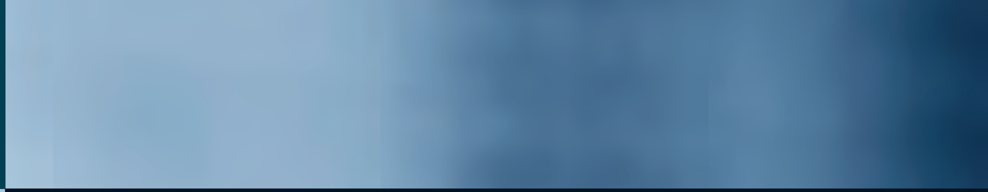
~ At 30 June 2015, a dividend reserve of $50.1 million was created in the parent entity. A final ordinary dividend for the year ended 30 June 2015 was paid on 6 October 2015 and an interim ordinary dividend for the year ended 30 June 2016 was paid on 6 April 2016 from the parent entity dividend reserve. After the 2016 profit of the parent, the dividend reserve has a balance of $40.6 million. Final dividend for the year ended 30 June 2016, $7.636 million was paid on 7 October 2016 and no interim dividend was paid for the year ended 30 June 2017, leaving the balance of $33.0m on 30 June 2017.

* On 25 August 2016, the performance rights issued in October 2013 to the CEO and eligible executives were exercised. The vested rights were settled by the issue of 1,885,815 million shares for $0.832 million utilising the provision.

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.

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

Financial Index



1 Summary of Significant Accounting Policies

BASIS OF PREPARATION

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

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

Historical cost convention

The financial statements have been prepared in accordance with the historical cost convention, except for the revaluation of derivative financial instruments 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 2017.

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 2017.

In preparing the consolidated financial statements for the current year, the Group has applied the changes required by the following amendments to AASBs.

- AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'
- AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'
- AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'

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 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'. Amendment to AASB 112.	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, Statement of cash flows'.	1 January 2017	30 June 2018
AASB 2016-5 'Amendments to Australian Accounting Standards - Clarification and Measurement of Share-based Payment Transactions. Amendments to AASB 2.	1 January 2018	30 June 2019

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 elected to early adopt AASB 15 from 1 July 2017. Refer to critical estimate section for impact assessment.

AASB 16 Leases:

Introduces a new accounting model for leases that requires lessees 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.

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 including newly acquired company IPMG Holdco Pty Ltd 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 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 9.

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 statements of profit or loss and other comprehensive income are translated at an average rate for the year.

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

On the disposal of a foreign operation, a proportionate share of the amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the 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.
- 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 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 9.

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 the income through '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 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 22.

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 22.

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 measured at fair value, net of transaction costs.

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.

Due to the statutory loss PMP has not declared a dividend for the 2017 year (nor paid any interim dividends).

After the payment of the June 2016 final dividend of $7.636 million in October 2016, the dividend reserve has a balance of $33.0 million at 30 June 2017.

SEGMENT REPORTING

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

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

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 9 - Impairment testing of goodwill
- Note 10 - Deferred tax
- Note 27 - Financial instruments

(i) Purchase price accounting for acquisition of IPMG

The initial accounting for the business combination has been completed and provisional amounts agreed. The provisional amounts will be adjusted during the measurement period or additional assets or liabilities will be recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. Refer Note 24 for further details.

(ii) 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.

(iii) 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.

Based on forecasts for the newly merged PMP and IPMG business the Directors expect that the existing recognised Australian tax losses of $34.8 million on the balance sheet will be recouped over a 4-5 year period. Therefore the 2017 Australian tax loss of $50.1 million (tax effect $15 million) will not be recognised . The current year loss is significantly higher than prior years due to the transformation costs incurred as a result of the merger.

These 2017 unrecognised losses of $50.1 million, together with the transfer of $93.4 million of IPMG tax losses to PMP on 1 March 2017 (and other adjustments), now bring the total unrecognised tax losses to $203.7 million (tax effect $61.1 million).

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 New Zealand deferred tax asset value of $1.7 million, attributable to tax losses (which were partly recouped this year), are expected to be fully recouped over a period of 2 years.

(iv) 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.

(v) Impact of early adoption of new revenue recognition standard AASB 15

The new revenue recognition standard AASB 15 comes into effect for the year ended 30 June 2019. After an initial review of the new standard, PMP has elected to early adopt from 1 July 2017 and the major impact will come from Gordon & Gotch sales. This will take into account only the distribution fee rather than the cover price of the magazines, which more closely reflects the performance obligations vs control aspects of the contracts.

The change does not impact EBITDA as the reduction in sales revenues is mirrored by a commensurate reduction in finished cost of goods sold.

While the Gordon & Gotch statutory sales revenue for fiscal 2017 were $557.2 million on the existing basis, the new AASB 15 equivalent would have been $69.1 million a reduction of $488.2 million in sales revenue. As such, PMP Group sales for FY17 on the new AASB 15 basis is $563.3 million. There is also a $488.2 million reduction in finished cost of goods sold, so there is no impact on EBITDA.

A final review of the impact of the new standard on other businesses will be undertaken in the coming months. No material impacts are envisaged.

		PMP Group	
YEAR ENDED 30 JUNE 2017	NOTES	2017 $'000	2016 $'000
2a Revenue			
Sales revenue		**1,051,483**	815,979
Included in (loss)/profit before income tax are the following items of other revenue:			
Other income - external		**5,097**	2,740
Rental income		**389**	613
Interest income	3	**653**	784
Total other revenue		**6,139**	4,137
Total revenue	20	**1,057,622**	820,116
2b Significant items			
Included in net (loss)/profit after income tax are the following significant items of income and expense:			
Significant income and expenses			
Net loss on disposal of plant and equipment and non-current assets classified as held for sale	2(a)	**—**	224
Net loss on disposal of plant and equipment		**337**	—
Restructure initiatives and other one off costs		**53,563**	8,368
Onerous leases		**20,028**	—
Acquisition costs - IPMG Group	24	**8,015**	—
Impairment of intangible assets		**24,590**	—
Impairment of Dick Smith trade receivable		**—**	3,894
Impairment/(reversal) of plant and equipment due to restructure initiatives	2(c), 8(b)	**36,082**	(230)
Fee for early termination of corporate bond	3	**—**	1,500
Write off of prepaid finance costs	3	**—**	833
Total significant items (included in (loss)/profit before interest and tax)		**142,615**	14,589
Tax benefit associated with significant items		**33,193**	4,671
Adjustment of prior year losses not recognised to actual		**(35)**	111
Tax losses not brought to account		**(15,026)**	(1,841)
Tax benefit included in net (loss)/profit after tax		**18,132**	2,941
Significant items have been included in the Consolidated statement of profit or loss and other comprehensive income within the following categories:			
Sales revenue		**—**	350
Employee expenses		**47,133**	5,707
Freight		**449**	91
Repairs and maintenance		**18**	—
Occupancy costs		**20,241**	—
Other expenses - Impairment		**60,672**	—
- Legal and professional fees		**8,886**	—
- Other expenses		**5,216**	6,108
Finance costs		**—**	2,333
		142,615	14,589

		PMP Group	
YEAR ENDED 30 JUNE 2017	**NOTES**	**2017 $'000**	**2016 $'000**
2c (Loss)/profit before income tax			
(Loss)/profit before income tax is arrived at after charging/(crediting) the following items:			
Lease rental expenses - operating leases		**27,822**	21,288
Net foreign exchange loss/(gain)		**166**	(49)
Share-based payment plans	17	**158**	468
Net loss on disposal of property, plant and equipment		**193**	256
(Reversal)/impairment of plant and equipment	2(b)	**36,082**	(230)
Impairment of Dick Smith trade receivable	2(b)	**–**	3,894
Bad debt provision movement	5(a)	**554**	(96)

		2017 $	**2016 $**
2d Auditors' remuneration			
Auditor of the parent entity			
Auditing the accounts		**439,200**	278,460
Other services			
- Taxation and related advisory services including for the acquisition of IPMG		**555,300**	91,350
		994,500	369,810
Network firm of the parent entity auditor			
Auditing the accounts		**86,908**	98,238
Other services			
- Taxation and related advisory services		**32,503**	56,445
		119,411	154,683

		2017 $'000	**2016 $'000**
2e Depreciation and amortisation			
Depreciation			
Leasehold improvements	8(a)	**1,212**	1,027
Plant and equipment	8(a)	**26,410**	26,093
Total depreciation		**27,622**	27,120
Amortisation			
Development and licence costs	9(a)	**927**	794
Total amortisation		**927**	794
Total depreciation and amortisation		**28,549**	27,914
3 Finance costs			
Interest expense			
Bank loans and overdraft		**5,087**	6,026
Unwind of discount on long term provisions		**–**	29
Total interest expense		**5,087**	6,055
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)
Total finance costs		**5,087**	8,266
Interest income	2(a)	**(653)**	(784)
Net finance costs		**4,434**	7,482

YEAR ENDED 30 JUNE 2017	PMP Group 2017 $'000	PMP Group 2016 $'000
4 Income tax		
(a) Reconciliation of income tax (benefit)/expense		
(Loss)/profit before income tax	**(144,019)**	2,753
Prima facie income tax expense thereon at 30% (2016: 30%)	**(43,206)**	826
Tax effect of non temporary and other differences:		
Effect of differences in overseas tax rate	**300**	(136)
Income tax (over) provided in previous year	**80**	(72)
Non deductible items for tax purposes	**10,208**	545
Tax deductible items not in profit	**–**	(436)
Benefit of tax losses not brought to account	**15,026**	1,841
Income tax (benefit)/expense attributable to profit	**(17,592)**	2,568
Major component of income tax (benefit)/expense:		
Current tax (benefit)/expense	**(13,353)**	223
Deferred tax (benefit)/expense	**(4,239)**	2,345
Income tax (benefit)/expense attributable to profit	**(17,592)**	2,568
(b) Deferred tax assets and deferred tax liabilities		
At 30 June 2017 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 (2016: $nil).		
(c) Franking credits		
The amount of franking credits available are:		
Franking account balance as at the end of the financial year at 30% (2016: 30%)	**62,529**	–

Upon the acquisition of the IPMG tax consolidated group franking credits of $62.466 million transferred to the PMP tax consolidated group on 1 March 2017. This balance increased by June 2017 due to $63,000 of franking credits attached to dividends received by group members since March 2017.

(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	**203,694**	61,108
Capital losses	**287,293**	86,188

The benefit of these revenue losses has not been brought to account as realisation is not probable within 4-5years, refer to Note 10 for details. Revenue losses recognised have increased substantially as $93.4 million of gross losses have been transferred from the IPMG tax consolidated group to the PMP tax consolidated group as at 1 March 2017. In addition the current year tax loss of $50.0 million has also not been recognised. 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 2017	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
5 Receivables			
Trade debtors*		**114,615**	95,237
Provision for doubtful debts	5(a)	**(1,324)**	(482)
Net trade debtors		**113,291**	94,755
Other debtors	5(c)	**3,989**	1,522
Total current receivables		**117,280**	96,277

* 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 2017 a provision for doubtful debts of $1,324,000 (2016: $482,000) has been recognised. This relates to a variety of customers who are in unexpectedly difficult economic situations and includes provision acquired from IPMG of $275,000.

Movements in the provision for doubtful debts are as follows:

	Notes	2017 $'000	2016 $'000
Balance as at 1 July		**482**	1,458
Provision acquired		**275**	—
Provision for doubtful debts recognised	2(c)	**1,009**	1,498
Amounts written off		**(450)**	(880)
Amounts recovered		**463**	—
Unused amount reversed	2(c)	**(453)**	(1,609)
Net foreign currency translation difference	2(c)	**(2)**	15
Balance at 30 June		**1,324**	482

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 2017 there were $11,430,000 (2016: $23,046,000) of trade receivables in the PMP Group past due but not impaired.

The aging analysis of these trade receivables is as follows:

	2017 $'000	2016 $'000
Past due 1 - 30 days	**7,963**	20,091
Past due 31 - 60 days	**1,331**	1,858
Past due 61 - 90 days	**1,366**	482
Past due greater than 90 days	**770**	615
	11,430	23,046

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.

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	2016 $'000
6 Inventories			
Raw materials, spare parts and stores at cost		**50,085**	39,846
Less: provision for diminution		**(709)**	(774)
Net raw materials, spare parts and stores		**49,376**	39,072
Finished goods at cost		**51,825**	44,213
Work in progress at cost		**5,629**	2,317
Total current inventories		**106,830**	85,602
7 Other assets			
Current other assets			
Prepayments		**6,565**	2,465
Total current other assets		**6,565**	2,465
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	21	**1,945**	1,687
Other assets		**729**	1,145
Total non-current other assets		**2,914**	3,072
8 Property, plant and equipment			
Leasehold improvements			
At cost		**14,546**	12,411
Accumulated depreciation		**(7,608)**	(6,467)
Accumulated impairment		**(2,026)**	(422)
Net leasehold improvements	8(a)	**4,912**	5,522
Plant and equipment			
At cost		**656,245**	608,468
Accumulated depreciation		**(437,325)**	(437,625)
Accumulated impairment		**(48,737)**	(20,421)
Net plant and equipment	8(a)	**170,183**	150,422
Leased plant and equipment			
At cost		**364**	364
Accumulated depreciation		**(364)**	(364)
Net leased plant and equipment		**–**	–
Total net property, plant and equipment	8(a)	**175,095**	155,944

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
8 Property, plant and equipment (continued)			
(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		**5,522**	5,993
Acquisitions		**1,733**	—
Disposals		**(13)**	—
Transfer from other fixed asset category		**518**	283
Depreciation	2(e)	**(1,212)**	(1,027)
Impairment		**(1,603)**	—
Net foreign currency translation difference		**(33)**	273
Carrying amount at end of year		**4,912**	5,522
Plant and equipment			
Carrying amount at beginning of year		**150,422**	172,864
Acquisitions		**70,914**	—
Additions		**1,966**	4,275
Disposals		**(457)**	(2,654)
Impairment (charge)/reversal	2(b), 2(c), 8(b)	**(32,340)**	230
Transfer from/(to) other fixed asset category		**6,363**	(283)
Depreciation	2(e)	**(26,410)**	(26,093)
(Expensed)/credited to the profit and loss		**(40)**	159
Net foreign currency translation difference		**(235)**	1,924
Carrying amount at end of year		**170,183**	150,422
Total net property, plant and equipment		**175,095**	155,944
(b) Impairment			
Impairment/(reversal) of plant and equipment	2(b), 2(c)	**33,943**	(230)
		33,943	(230)

The $0.2 million impairment reversal in 2016, relates to equipment in New Zealand which will be utilised for its remaining useful life.

		PMP Group	
YEAR ENDED 30 JUNE 2017	**NOTES**	**2017 $'000**	**2016 $'000**
9 Goodwill and intangible assets			
Development and licence costs			
At cost		**5,744**	4,819
Accumulated amortisation		**(4,971)**	(3,854)
Closing net book amount	9(a)	**773**	965
Goodwill			
At cost		**98,760**	98,760
Goodwill on acquisition	24	**34,797**	—
Accumulated impairment		**(99,623)**	(75,224)
Net foreign currency translation difference		**2,941**	3,013
Closing net book amount	9(a)	**36,875**	26,549
Total net intangibles	9(a)	**37,648**	27,514
(a) Reconciliations			
Development and licence costs			
Carrying amount at beginning of year		**965**	1,759
Acquisition		**495**	—
Additions		**430**	—
Impairment		**(190)**	—
Amortisation	2(e)	**(927)**	(794)
Carrying amount at end of year		**773**	965
Goodwill			
Carrying amount at beginning of year		**26,549**	25,083
Goodwill on acquisition	24	**34,797**	—
Impairment*		**(24,399)**	—
Net foreign currency translation difference		**(72)**	1,466
Carrying amount at end of year	9(b)	**36,875**	26,549
Total net intangibles		**37,648**	27,514
(b) Impairment testing of goodwill			
Carrying amount of goodwill allocated to each cash generating unit:			
Griffin Press printing - Australia*		**—**	5,015
Maxum and heat-set web printing - New Zealand*		**—**	19,439
Distribution - New Zealand		**2,079**	2,095
Print Group Australia		**33,056**	—
Marketing Services		**1,740**	—
Total goodwill	9(a)	**36,875**	26,549

* The goodwill associated with Griffin Press in Australia, and Maxum and heatset printing in New Zealand was fully impaired at 30 June 2017.

In accordance with PMP policy, impairment testing has been undertaken at 30 June 2017 for all cash generating units ('CGUs') with goodwill 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, Print Group Australia, Griffin Press, Distribution - Australia, Marketing Services, and Gordon & Gotch - Australia, 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.

YEAR ENDED 30 JUNE 2017

9 Goodwill and intangible assets (continued)

(b) Impairment testing of goodwill (continued)

Fair value less costs of disposal (continued)

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 below.

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.

Value in use

The recoverable amount of the cash generating units, Maxum and heat-set web printing – New Zealand, Gordon & Gotch - New Zealand 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) - 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. 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 13.8% (2016: 14.2%). 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 - Print Group Australia - Griffin Press - Gordon & Gotch (Australia) - Distribution (Australia) - Marketing Services
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% (2016: 11%).

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
10 Deferred tax			
Deferred tax assets			
Temporary differences:			
- Provisions/accruals		**26,158**	10,575
- Property, plant and equipment		**5,081**	1,227
- Cash flow hedges		**(13)**	396
- Other assets		**(949)**	(1,069)
Tax losses		**36,505**	38,206
Total deferred tax assets	10(a)	**66,782**	49,335

YEAR ENDED 30 JUNE 2017	Provisions/ Accruals $000	Other Assets $000	Property, Plant and Equipment $000	Cash flow hedges $000	Tax losses $000	Total $000
(a) Movements in deferred tax assets						
At 1 July 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
(Charged)/credited						
- to profit or loss	**5,064**	**3,265**	**10,971**	**—**	**—**	**19,300**
- to other comprehensive income	**—**	**(83)**	**—**	**(408)**	**—**	**(491)**
- foreign currency translation reserve	**(10)**	**—**	**—**	**(1)**	**(24)**	**(35)**
- to goodwill	**10,529**	**(3,062)**	**(7,117)**	**—**	**—**	**350**
Utilisation of tax losses	**—**	**—**	**—**	**—**	**(1,677)**	**(1,677)**
At 30 June 2017	**26,158**	**(949)**	**5,081**	**(13)**	**36,505**	**66,782**

YEAR ENDED 30 JUNE 2017	Property, Plant and Equipment $000	Cash flow hedges $000	Other Assets $000	Total $000
10 Deferred tax (continued)				
(a) Movements in deferred tax assets (continued)				
Movements in deferred tax liabilities				
At 1 July 2015	–	(94)	(1,751)	(1,845)
(Charged)/credited				
- to profit or loss	–	–	–	–
Adjustment for reallocation of opening balance	–	94	1,751	1,845
At 30 June 2016	–	–	–	–
(Charged)/credited				
- to profit or loss	–	–	–	–
At 30 June 2017	–	–	–	–

(b) Deferred tax losses

Based on forecasts for the newly merged PMP and IPMG business the Directors are confident that the existing recognised Australian tax losses of $34.8 million on the balance sheet will be recouped over a 4-5 year period. Therefore the 2017 Australian tax loss of $50.1 million (tax effect $15 million) will not be recognised . The current year loss is significantly higher than prior years due to the transformation costs incurred as a result of the merger.

These 2017 unrecognised losses of $50.1 million, together with the transfer of around $93.4 million of IPMG tax losses to PMP on 1 March 2017 (and other adjustments), now bring the total unrecognised tax losses to $203.7 million (tax effect $61.1 million).

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 New Zealand deferred tax asset value of $1.7 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 2017	PMP Group 2017 $'000	PMP Group 2016 $'000
11 Payables		
Current payables		
Creditors - unsecured		
Trade creditors and accruals *	**172,807**	138,363
Interest payable	**1,031**	1,008
Total current payables	**173,838**	139,371

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

YEAR ENDED 30 JUNE 2017	PMP Group 2017 $'000	PMP Group 2016 $'000
12 Interest bearing liabilities		
(a) Current interest bearing liabilities - financial institutions		
Secured		
Bank loans - repayable in: Euros *	**2,955**	2,968
Equipment financing	**2,819**	—
Receivables financing	**14,826**	—
Other		
Prepaid finance costs	**(758)**	(450)
Total current interest bearing liabilities - financial institutions	**19,842**	2,518
(b) Non-current interest bearing liabilities - financial institutions		
Secured		
Bank loans - repayable in: Euros *	**10,344**	13,353
Equipment financing	**4,228**	—
Unsecured		
Corporate bond	**40,000**	40,000
Other		
Prepaid finance costs	**(918)**	(1,365)
Total non-current interest bearing liabilities - financial institutions	**53,654**	51,988

* Represents Euro denominated loan of 9.0 million (2016: 10.9 million) measured at the exchange rate prevailing at balance date.

YEAR ENDED 30 JUNE 2017	Facility $'000s	Drawn $'000s	Available $'000s
12 Interest bearing liabilities (continued)			
(c) Interest bearing liabilities - facility details			
Facility details:			
2017			
Secured			
Overdraft facility	**9,758**	**—**	**9,758**
Export finance facility *	**13,300**	**13,300**	**—**
Equipment financing facility	**7,047**	**7,047**	**—**
Receivables financing facility	**35,000**	**14,826**	**20,174**
Working capital facility	**30,000**	**—**	**30,000**
Unsecured			
Corporate Bond	**40,000**	**40,000**	**—**
Total facilities	**135,105**	**75,173**	**59,932**
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

* 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 2018. 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 2017, this loan was fully drawn and after amortisation payments had a balance of Euro 9.0 million. This facility has a maturity date of 30 September 2021 with semi-annual amortisations. The lender is Commerzbank AG.

As a result of the IPMG acquisition, PMP took on a fully secured amortising $8.5 million equipment financing facility. As at 30 June 2017, this loan was fully drawn at $7.0 million. This facility has a maturity date of 23 November 2019 with semi-annual amortisations. The lender is ANZ Banking Group Ltd. The facility is also subject to the warranties and conditions of the agreement during the term of it.

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 pre-significant items.

PMP entered into a fully secured $30 million Australia Dollar Working Capital Facility in March 2017. As at 30 June 2017, this loan was undrawn. This facility has a maturity date of 28 February 2018. 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 facility is 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 $35 million Australia Dollar Receivables Financing Facility in March 2017. As at 30 June 2017, this loan was drawn to $14.8 million. This facility has a maturity date of 28 February 2018. ANZ Banking Group is the lender. Security pledged involves a charge over certain receivables of PMP Print Pty Ltd, PMP Digital Pty Ltd and PMP Limited. The facility is also subject to the warranties and conditions of the agreement during the term of the facility.

YEAR ENDED 30 JUNE 2017

12 Interest bearing liabilities (continued)

(e) Net debt

PMP has taken out a cross currency swap to exchange the Euro 9.0 million (2016: Euro 10.9 million) export financing loan's principal and floating Euro interest payments for an equally valued AUD loan and AUD interest payments.

This Euro 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 is a net $11.0 million as the Euro bank loan ($13.3 million) is offset by the Cross Currency Swap revaluation ($2.3 million). (2016: $13.4 million which was $16.3 million Euro loan less $2.9 million Cross Currency Swap revaluation).

YEAR ENDED 30 JUNE 2017		NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
Cash			**(54,340)**	(54,103)
Corporate Bond	repayable in Australian dollars		**40,000**	40,000
Bank loans	repayable in Euros - measured at the exchange rate prevailing at balance date		**13,300**	16,321
Cross currency swap revaluation	adjusted to measure the Euro denominated loan at the hedged fixed rate of the Australian obligation		**(2,314)**	(2,894)
Equipment Financing			**7,047**	—
Receivables Financing			**14,826**	—
Net debt/(cash)			**18,519**	(676)
13 Provisions				
(a) Current provisions				
Employee entitlements			**29,900**	17,272
Other		13(b)	**17,687**	737
Total current provisions			**47,587**	18,009
Non-current provisions				
Employee entitlements			**2,217**	1,549
Other		13(b)	**17,204**	2,970
Total non-current provisions			**19,421**	4,519
Total provisions			**67,008**	22,528

YEAR ENDED 30 JUNE 2017

13 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 $000	Make good $000	Onerous leases & contracts $000	Lease Incentive $000	Other $000	Total $000
Current						
Carrying amount at start of year	—	46	16	566	109	737
Charged/(credited) to profit or loss						
- additional provisions recognised	3,962	1,005	6,626	926	1,474	13,993
- IPMG acquisition	—	3,076	—	46	899	4,021
- unused amounts reversed	—	(37)	—	(49)	(173)	(259)
Amounts used during the period	—	(11)	(14)	(307)	(471)	(803)
Net foreign currency translation difference	—	—	—	(2)	—	(2)
Carrying amount at end of year	**3,962**	**4,079**	**6,628**	**1,180**	**1,838**	**17,687**
Non-Current						
Carrying amount at start of year		1,367	—	1,603	—	2,970
Charged/(credited) to profit or loss						
- additional provisions recognised		335	11,173	(274)	—	11,234
- IPMG acquisition		3,131	—	112	—	3,243
- unused amounts reversed		—	—	(9)	—	(9)
Amounts used during the period		(6)	—	—	—	(6)
Net foreign currency translation difference		—	—	(228)	—	(228)
Carrying amount at end of year		**4,827**	**11,173**	**1,204**	**—**	**17,204**

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
14 Financial assets and financial liabilities			
Current financial assets			
Forward currency contracts	27(d)(iv)	**524**	49
Cross currency swaps	27(b)(ii)	**262**	199
Total current financial assets		**786**	248
Non-current financial assets			
Forward currency contracts		**—**	—
Cross currency swaps	27(b)(ii)	**1,802**	2,381
Total non-current financial assets		**1,802**	2,381
Total financial assets		**2,588**	2,629
Current financial liabilities			
Forward currency contracts	27(d)(iv)	**620**	1,093
Cross currency swaps	27(b)(ii)	**—**	—
Total current financial liabilities		**620**	1,093
Non-current financial liabilities			
Forward currency contracts	27(d)(iv)	**—**	12
Total non-current financial liabilities		**—**	12
Total financial liabilities		**620**	1,105

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

YEAR ENDED 30 JUNE 2017	Number 2017 '000	Number 2016 '000	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
15 Contributed equity					
Issued and paid up capital					
Movements in ordinary share capital:					
Balance as at 1 July - ordinary shares	**318,172**	323,781		**353,227**	356,035
Share movements in respect of:					
- Share-based payments	**1,886**	2,487		**832**	1,333
- Acquisition	**187,970**	—		**128,760**	—
- Share buy-back	**—**	(8,096)		**—**	(4,141)
Balance at 30 June - ordinary shares	**508,028**	318,172		**482,819**	353,227

On 1 March 2017, PMP issued 179,856,110 fully paid ordinary shares in relation to acquisition of IPMG Holdco Pty Ltd (177,970,295) and pursuant to Long Term Incentive Plan following the vesting of performance rights to the eligible executives of PMP (1,885,815). A further 10,000,000 fully paid ordinary shares were issued on 5 May 2017 as part of the settlement of IPMG acquisition.

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	2017 $'000	2016 $'000
16 Dividends			
Final dividend			
Final dividend for the year ended 30 June 2016 of 2.4 cents, unfranked paid on 7 October 2016 (2016: 1.8 cents, 50% franked paid on 6 October 2015)		**7,636**	5,873
Interim dividend			
Interim dividend for the year ended 30 June 2017 was nil (2016: 1.2 cents, unfranked)		**—**	3,842
Total dividends declared		**7,636**	9,715
17 Reserves			
Foreign currency translation reserve			
Opening balance		**11,491**	6,618
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities		**(341)**	4,873
Total foreign currency translation reserve		**11,150**	11,491
Share-based payment reserve			
Opening balance		**1,523**	1,737
Movement in reserve relating to:			
- Share-based payment expense	2(c)	**158**	468
- Issue of shares on exercise		**(832)**	(1,333)
- Cash paid on exercise		**—**	(1,333)
- Transfer to accumulated losses		**—**	2,104
- Purchase of shares		**—**	(120)
Total share-based payment reserve		**849**	1,523
Cash flow hedge reserve			
Opening balance		**(951)**	241
Movement in reserve relating to:			
- Cash flow hedge		**1,382**	(1,682)
- Tax effect of cash flow hedge net (gain)/loss		**(408)**	490
Total cash flow hedge reserve		**23**	(951)
Total reserves		**12,022**	12,063

YEAR ENDED 30 JUNE 2017	PMP Group 2017 $'000	2016 $'000
18 Commitments		
The following commitments are not reflected in the balance sheet and are payable as follows:		
(a) Capital expenditure (i)(v):		
- not later than one year	**991**	64
- later than one year but not later than five years	**—**	—
Total capital expenditure	**991**	64
(b) Operating lease rentals - Group as lessee (ii)(v):		
- not later than one year	**34,936**	21,013
- later than one year but not later than five years	**128,405**	77,521
- later than five years	**50,959**	39,995
Total operating lease rentals	**214,300**	138,529
(c) Operating lease rentals - Group as lessor (iii)(v):		
- not later than one year	**(651)**	(312)
- later than one year but not later than five years	**(872)**	—
Total operating lease rentals	**(1,523)**	(312)
Total net commitments for expenditure	**213,768**	138,281

(i) At 30 June 2017 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 2017 the value of bank guarantees was $18.6 million (2016: $17.2 million). The company has not issued any guarantees for properties where it is not the lessee.

(v) At 30 June 2017, net commitments include $82,877,000 for IPMG companies acquired during the year. This is made up of:

	$'000
- Capital Expenditure	**991**
- Operating lease rentals as lessee	**83,314**
- Operating lease rentals as lessor	**(1,428)**
	82,877

YEAR ENDED 30 JUNE 2017	Country of Incorporation	NOTES	Interest held 2017 %	Interest held 2016 %
19 Controlled entities (d)				
Pacific Publications Holdings Pty Limited	Australia	(a)	**100**	100
Attic Futura Pty Limited	Australia	(a)	**100**	100
Pacific O'Brien Publications Pty Limited	Australia	(a)	**100**	100
Total Sampling Pty Limited	Australia	(a)	**100**	100
PMP Publishing Pty Limited	Australia	(a)	**100**	100
PMP Print Pty Limited	Australia	(a)	**100**	100
PMP Property Pty Limited	Australia	(a)	**100**	100
PT Pac-Rim Kwartanusa Printing	Indonesia		**95**	95
PMP Advertising Solutions Pty Limited	Australia	(a)	**100**	100
PMP Home Media Pty Limited	Australia	(a)	**100**	100
Shomega Pty Limited	Australia	(a)	**100**	100
Show-Ads Pty Limited	Australia	(a)	**100**	100
Linq Plus Pty Limited	Australia	(a)	**100**	100
PMP Wholesale Pty Limited	Australia	(a)	**100**	100
PMP Digital Pty Limited	Australia	(a)	**100**	100
Pacific Intermedia Pty Limited	Australia	(a)	**100**	100
The Argus & Australasian Pty Limited	Australia	(a)	**100**	100
Gordon and Gotch Australia Pty Limited	Australia	(a)	**100**	100
A.C.N. 128 266 268 Pty Limited (formerly Brumby Books & Music Pty Limited)	Australia	(b)	**100**	100
Scribo Holdings Pty Limited	Australia	(b)	**100**	100
The Scribo Group Pty Limited	Australia	(b)	**100**	100
Tower Books Pty Limited	Australia	(b)	**100**	100
Gary Allen Pty Limited	Australia	(b)	**100**	100
ilovemagazines.com.au Pty Limited (formerly Treeet.com.au Pty Limited)	Australia	(a)	**100**	100
PMP Directories Pty Limited	Australia	(a)	**100**	100
Argyle Print Pty Limited	Australia	(b)	**100**	100
Red PPR Holdings Pty Limited	Australia	(a)	**100**	100
PMP Finance Pty Limited	Australia	(a)	**100**	100
PMP Share Plans Pty Limited	Australia		**100**	100
Manningtree Investments Pty Limited	Australia	(a)	**100**	100
Canberra Press Pty Limited	Australia	(a)	**100**	100
PMP (NZ) Limited	New Zealand		**100**	100
PMP Print Limited	New Zealand		**100**	100
PMP Maxum Limited	New Zealand		**100**	100
PMP Distribution Limited	New Zealand		**100**	100
Gordon and Gotch (NZ) Limited	New Zealand		**100**	100
PMP Digital Limited	New Zealand		**100**	100

Footnotes refer to all of Note 19.

(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) These companies were acquired by PMP on 1 March 2017 and were joined on 6 June 2017 as parties to the Deed of Cross Guarantee referred above.

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

YEAR ENDED 30 JUNE 2017	Country of Incorporation	NOTES	Interest held 2017 %	Interest held 2016 %
19 Controlled entities (continued)				
The following companies merged with PMP Group on 1 March 2017. Note 24 provide details of businesses acquired during the year.				
IPMG Holdco Pty Limited	Australia	(c)	100	–
IPMG Subco Pty Limited	Australia	(c)	100	–
Propsea Pty Limited	Australia	(c)	100	–
MJV Pty Limited	Australia	(c)	100	–
Tigerstone Pty Limited	Australia	(c)	100	–
KTAR Pty Limited	Australia	(c)	100	–
PMP Subco No.6 Pty Limited (formerly Glencree Pty Limited)	Australia	(c)	100	–
D. Livingstone Pty Limited	Australia	(c)	100	–
PMP Subco No.2 Pty Limited (formerly Josproud Pty Limited)	Australia	(c)	100	–
PMP Subco No.3 Pty Limited (formerly Lafim Pty Limited)	Australia	(c)	100	–
PMP Subco No.4 Pty Limited (formerly Peter Parker Pty Limited)	Australia	(c)	100	–
IPMG Pty Limited	Australia	(c)	100	–
Hannan Finance Corporation Pty Limited	Australia	(c)	100	–
IPMG Administration Pty Limited	Australia	(c)	100	–
NDD Distribution Pty Limited	Australia	(c)	100	–
Southern Independent Publishers Pty Limited	Australia	(c)	100	–
The Federal Publishing Co Pty Limited	Australia	(c)	100	–
PMP Subco No 1 (F. Hannan Pty Limited)	Australia	(c)	100	–
IPMG Management (No.2) Pty Limited	Australia	(c)	100	–
IPMG Digital Pty Limited	Australia	(c)	100	–
Forty Two International Pty Limited	Australia	(c)	100	–
Holler Australia Pty Limited	Australia	(c)	100	–
Holler Administration Pty Limited	Australia	(c)	100	–
IPMG Consulting Pty Limited	Australia	(c)	100	–
MassMedia Studios Pty Ltd (formerly JSA Digital PL)	Australia	(c)	100	–
Max Australia Pty Limited	Australia	(c)	100	–
Sinnott Bros Pty Limited	Australia	(c)	100	–
Spectrum Communications Pty Limited	Australia	(c)	100	–
IPMG Singapore Pte Limited	Singapore		100	–
Spin Comm Syd Pty	Australia	(c)	100	–
The Gang of 4 Pty Limited	Australia	(c)	100	–
Traction Digital Pty Limited (formerly MassMedia Studios PL)	Australia	(c)	100	–
Traction Digital Limited	United Kingdom		100	–
Traction Digital Private Limited	India		100	–
The Independent Print Media Group Pty Limited	Australia	(c)	100	–
PMP Subco No.5 Pty Limited (formerly Arklow Pty Limited)	Australia	(c)	100	–
Offset Alpine Printing Group Pty Limited	Australia	(c)	100	–
Kierle Investments Pty Limited	Australia	(c)	100	–
Offset Alpine Printing Pty Limited	Australia	(c)	100	–
Craft Printing Pty Limited	Australia	(c)	100	–
Hannanprint NSW Pty Limited	Australia	(c)	100	–
Hannanprint Victoria Pty Limited	Australia	(c)	100	–
SYNC Communications Management Pty Limited	Australia	(c)	100	–
Warwick Farm Business Park Pty Limited	Australia	(c)	100	–
Woodox Pty Limited	Australia	(c)	100	–
Inprint Pty Limited	Australia	(c)	100	–
Bolton Print Pty Limited	Australia	(c)	100	–
Inpack Pty Limited	Australia	(c)	100	–
PEP Central Pty Limited	Australia	(c)	100	–

YEAR ENDED 30 JUNE 2017	2017 $'000	2016 $'000
19 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	**857,118**	680,071
Other revenue	**16,632**	16,986
Revenue	**873,750**	697,057
Raw materials and consumables used	**(148,741)**	(107,043)
Cost of finished goods sold	**(415,425)**	(302,147)
Employee expenses	**(237,512)**	(179,033)
Outside production services	**(11,416)**	(11,553)
Freight	**(36,101)**	(22,133)
Repairs and maintenance	**(14,815)**	(8,737)
Occupancy costs	**(38,725)**	(14,903)
Other expenses	**(60,880)**	(16,963)
(Loss)/profit before depreciation, amortisation, finance costs and income tax	**(89,865)**	34,545
Depreciation and amortisation	**(50,578)**	(21,487)
(Loss)/profit before finance costs and income tax	**(140,443)**	13,058
Finance costs	**(5,042)**	(7,983)
(Loss)/profit before income tax	**(145,485)**	5,075
Income tax benefit/(expense)	**18,860**	(546)
Net (loss)/gain attributable to members of the closed group	**(126,625)**	4,529

YEAR ENDED 30 JUNE 2017	2017 $'000	2016 $'000
19 Controlled entities (continued)		
Statement of financial position of the closed group		
Current assets		
Cash and cash equivalents	**46,388**	47,346
Receivables	**100,376**	80,217
Inventories	**91,521**	72,155
Financial assets	**750**	248
Other	**6,040**	1,928
Total current assets	**245,075**	201,894
Non-current assets		
Property, plant and equipment	**149,362**	125,085
Deferred tax assets	**63,513**	44,713
Goodwill and intangible assets	**36,015**	5,980
Financial assets	**1,802**	2,381
Other	**41,064**	69,096
Total non-current assets	**291,756**	247,255
Total assets	**536,831**	449,149
Current liabilities		
Payables	**145,495**	116,719
Interest bearing liabilities - financial institutions	**19,842**	2,518
Income tax payable	**—**	3
Financial liabilities	**464**	651
Provisions	**45,492**	15,298
Total current liabilities	**211,293**	135,189
Non-current liabilities		
Interest bearing liabilities - financial institutions	**53,654**	51,988
Financial liabilities	**—**	12
Provisions	**16,854**	2,541
Total non-current liabilities	**70,508**	54,541
Total liabilities	**281,801**	189,730
Net assets	**255,030**	259,419
Equity		
Contributed equity	**482,819**	353,227
Reserves	**941**	856
Accumulated losses	**(228,730)**	(94,664)
Total equity	**255,030**	259,419

20 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.

Print Group Australia includes the PMP and IPMG heatset printing businesses. Distribution and Marketing Services includes Distribution Australia, Griffin Press, PMP Digital and the IPMG digital businesses. Gordon and Gotch Australia includes magazines distribution businesses in Australia. New Zealand includes all businesses in Australia.

The results for the period from 1 March 2017 to 30 June 2017 for IPMG Group that was acquired on 1 March 2017 are included in each of the segments of merged PMP Group in the table below.

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:

	Print Group Australia		Distribution & Marketing Services		Gordon and Gotch Australia		New Zealand		Corporate		Consolidated	
(a) Operating Segments	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Revenue												
Sales revenue	**263,019**	200,069	**124,532**	134,920	**470,454**	345,763	**193,478**	135,577	**—**	—	**1,051,483**	816,329
Sales revenue significant item	**—**	(350)	**—**	—	**—**	—	**—**	—	**—**	—	**—**	(350)
Other revenue	**9**	—	**2**	—	**4,573**	2,547	**1,002**	993	**553**	597	**6,139**	4,137
Other revenue significant items	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Total revenue	**263,028**	199,719	**124,534**	134,920	**475,027**	348,310	**194,480**	136,570	**553**	597	**1,057,622**	820,116
EBITDA* before significant items	**16,721**	26,441	**3,888**	10,617	**2,655**	2,861	**12,420**	14,995	**(3,452)**	(3,725)	**32,232**	51,189
Depreciation and amortisation	**(18,916)**	(17,699)	**(2,768)**	(2,903)	**(681)**	(512)	**(5,833)**	(6,426)	**(351)**	(374)	**(28,549)**	(27,914)
EBIT~ before significant items	**(2,195)**	8,742	**1,120**	7,714	**1,974**	2,349	**6,587**	8,569	**(3,803)**	(4,099)	**3,683**	23,275
Significant items before income tax	**(91,693)**	(7,985)	**(16,738)**	(1,654)	**(38)**	(813)	**(21,614)**	(1,464)	**(12,532)**	(340)	**(142,615)**	(12,256)
Segment EBIT after significant items	**(93,888)**	757	**(15,618)**	6,060	**1,936**	1,536	**(15,027)**	7,105	**(16,335)**	(4,439)	**(138,932)**	11,019
Significant items - Finance costs											**—**	(2,333)
Finance costs											**(5,087)**	(5,933)
Consolidated entity profit before income tax											**(144,019)**	2,753
Income tax benefit/(expense)											**17,592**	(2,568)
Net (loss)/profit after income tax											**(126,427)**	185

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

~ EBIT - Profit/(loss) before finance costs and income tax.

YEAR ENDED 30 JUNE 2017

20 Segmental information (continued)

(b) Significant items by operating segments	Print Group Australia		Distribution & Marketing Services		Gordon and Gotch Australia		New Zealand		Corporate		Consolidated	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Significant items of revenue												
Sales revenue	**–**	(350)	**–**		**–**	–	**–**	–	**–**	–	**–**	(350)
Total segment significant items of revenue	**–**	(350)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(350)
Significant items of expense												
Gain on disposal of plant and equipment, and non-current assets classified as held for sale	**(156)**	(224)	**(7)**	–	**–**	–	**(146)**	–	**(28)**	–	**(337)**	(224)
Restructure initiatives and other one off costs	**(43,341)**	(4,160)	**(5,205)**	(1,654)	**(38)**	(813)	**(348)**	(1,051)	**(4,631)**	(340)	**(53,563)**	(8,018)
Onerous leases	**(19,376)**	–	**(34)**	–	**–**	–	**(421)**	–	**(197)**	–	**(20,028)**	–
Acquisition costs IPMG	**(339)**	–	**–**	–	**–**	–	**–**	–	**(7,676)**	–	**(8,015)**	–
Impairment of intangible assets	**–**	–	**(5,206)**	–	**–**	–	**(19,384)**	–	**–**	–	**(24,590)**	–
(Impairment)/reversal of plant and equipment due to restructure initiatives	**(28,481)**	–	**(6,286)**	–	**–**	–	**(1,315)**	230	**–**	–	**(36,082)**	230
Impairment of Dick Smith trade receivable	**–**	(3,251)	**–**	–	**–**	–	**–**	(643)	**–**	–	**–**	(3,894)
Total segment significant items of expense	**(91,693)**	(7,635)	**(16,738)**	(1,654)	**(38)**	(813)	**(21,614)**	(1,464)	**(12,532)**	(340)	**(142,615)**	(11,906)
Total segment significant items before income tax	**(91,693)**	(7,985)	**(16,738)**	(1,654)	**(38)**	(813)	**(21,614)**	(1,464)	**(12,532)**	(340)	**(142,615)**	(12,256)
Significant items - finance costs												
Finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(2,333)	**–**	(2,333)
Total significant items - finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(2,333)	**–**	(2,333)

20 Segmental information (continued)

(c) Other segment information

	Australia 2017 $'000	Australia 2016 $'000	New Zealand 2017 $'000	New Zealand 2016 $'000	Consolidated 2017 $'000	Consolidated 2016 $'000
i) Geographic Segments						
Sales revenue	**858,005**	680,752	**193,478**	135,577	**1,051,483**	816,329
Sales revenue significant item	**—**	(350)	**—**	—	**—**	(350)
Other revenue	**5,137**	3,144	**1,002**	993	**6,139**	4,137
Other revenue significant items	**—**	—	**—**	—	**—**	—
Total revenue	**863,142**	683,546	**194,480**	136,570	**1,057,622**	820,116
Non-current assets (excluding deferred tax assets and defined benefit plan asset)	**187,755**	134,866	**27,759**	52,358	**215,514**	187,224

ii) Major product and service offerings

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

	Print 2017 $'000	Print 2016 $'000	Distribution 2017 $'000	Distribution 2016 $'000	Gordon and Gotch 2017 $'000	Gordon and Gotch 2016 $'000	PMP Digital 2017 $'000	PMP Digital 2016 $'000	Consolidated 2017 $'000	Consolidated 2016 $'000
Revenue										
Sales revenue	**385,936**	333,050	**91,498**	103,501	**557,250**	372,186	**16,799**	7,592	**1,051,483**	816,329
Sales revenue significant item	**—**	(350)	**—**	—	**—**	—	**—**	—	**—**	(350)
Total sales revenue	**385,936**	332,700	**91,498**	103,501	**557,250**	372,186	**16,799**	7,592	**1,051,483**	815,979

iii) Major customers

Included in the Print Group Australia, Gordon & Gotch Australia and New Zealand segments are sales revenue of approximately $121.8 million (12% of Group sales) which arose from sales to the Group's largest customer (2016: The sales revenue from the major customer was $101.3m, 11% of the Group's total revenue).

YEAR ENDED 30 JUNE 2017

21 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 2017 totalled $9,841,245 (2016: $7,940,003) includes $2,669,482 in relation to IPMG Group staff for the period from 1 March 2017 to 30 June 2017.

Accumulation funds

Contribution obligations in respect of each accumulation fund for the year to 30 June 2017 was 9.5% (2016: 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 2017	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
21 Pension plans (continued)			
(a) Statement of financial position impact			
Defined benefit obligation		**(10,330)**	(10,939)
Less: fair value of plan assets		**12,275**	12,626
Net defined benefit plan asset	7	**1,945**	1,687
(b) Movement in net defined benefit plan asset			
Net defined benefit plan asset at start of year		**1,687**	1,811
Defined benefit plan cost		**(178)**	(200)
Remeasurements recognised in other comprehensive income		**278**	(210)
Employer contributions		**158**	286
Net defined benefit plan asset	7	**1,945**	1,687
(c) Reconciliation of the net defined benefit plan asset			
Net defined benefit plan asset at start of year		**1,687**	1,811
Current service cost		**(227)**	(269)
Net interest		**49**	69
Actual return on plan assets less interest income		**989**	(597)
Actuarial gains arising from changes in financial assumptions		**118**	112
Actuarial (losses)/gains arising from liability experience		**(829)**	275
Employer contributions		**158**	286
Net defined benefit plan asset at end of year	7	**1,945**	1,687

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.

22 Share-based payment plans

(a) Employee long term incentive plan

Ordinary shares up to 5.0% (2016: 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:	6,213,640
Rights on issue (as a percentage of total shares on issue) as at 30 June 2017:	1.22%
Total number of employee performance rights issued during the year:	–
Total number of employee performance rights issued post balance date:	–

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22 Share-based payment plans (continued)

(a) Employee long term incentive plan (continued)

(i) Performance rights

Allotment Date	1/10/2013 (i)	1/10/2014 (ii)	1/10/2015 (iii)	1/6/2016 (iv)	Total Number
On issue at beginning of year	2,155,217	1,398,408	3,000,000	1,815,232	8,368,857
Issued during the year	—	—	—	—	—
Exercised during the year	(1,885,815)	—	—	—	(1,885,815)
Lapsed during the year	(269,402)	—	—	—	(269,402)
On issue at end of year	**—**	**1,398,408**	**3,000,000**	**1,815,232**	**6,213,640**
Lapsed subsequent to balance date*	—	(699,204)	—	—	(699,204)
Outstanding at date of Directors' report	—	699,204	3,000,000	1,815,232	5,514,436
Number of participants (at balance date)	6	5	1	8	
Vesting date (Following the announcement of the)	FY16 results	FY17 results	FY18 results	FY18 results	
Fair value per right - TSR hurdle (vi)	$0.42	$0.34	$0.30	$0.30	
Fair value per right - EBITDA hurdle (vi)	$0.47	$0.47	$0.451	$0.48	

* 699,206 performance rights lapsed due to EBITDA performance hurdle not being met over the performance period.

(i) In October 2013, 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 ($0.34).

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 FY14, FY15 and FY 16 as follows:

- PMP's Total Shareholder Return (TSR) over the three year performance period comprising FY14, FY15 and FY16 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 FY14, FY15 and FY16 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 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.

(ii) 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.

Following the announcement of the results to 30 June 2017 to the ASX on 28 August 2017, relevant performance hurdles for the 3 year period to 30 June 2017 were met resulting in 699,202, rights vesting, being 699,202 TSR rights with no EBITDA rights vesting.

(iii) In October 2015, 3,000,000 rights were granted conditionally to PMP Managing Director and Chief Executive Officer, Mr Peter George. This grant was approved by shareholders at the 2015 Annual General Meeting.

Performance rights entitle the PMP Managing Director and Chief Executive Officer 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.

YEAR ENDED 30 JUNE 2017

22 Share-based payment plans (continued)

(a) Employee long term incentive plan (continued)

(iv) 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.

(v) Rights subject to the TSR hurdle have been independently valued using a Monte Carlo simulation and the Black Scholes model has been used to value the rights with a EBITDA performance condition.

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

	1/10/2013	1/10/2014	1/10/2015 - CEO	1/6/2016 - Executives
Dividend yield	0.00%	0.00%	6.00%	6.00%
Expected volatility	60%	50%	45%	40%
Risk-free interest rate	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.
Share price at grant date	$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 Managing Director and CEO 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 2017 financial year in relation to the above STI (2016: Nil). The Managing Director and CEO was eligible for and received a STI following the $40 million annualised savings being actioned as part of the synergy program following the merger with IPMG, which did not require a portion to be held in PMP shares.

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23 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	
	2017 $	2016 $
Short-term employee benefits	**4,145,244**	2,051,956
Other long-term employee benefits	**383,998**	13,544
Post employment benefits	**154,914**	141,965
Termination payments [(1)]	**—**	239,321
Share-based payment [(2)]	**273,223**	560,367
Total compensation	**4,957,379**	3,007,153

(1) 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.

(2) 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.

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/Executive	**Transaction**	2017 $'000	2016 $'000	2017 $'000	2016 $'000
N Sparks	Catalogue printing and distribution (i)	**—**	914	**—**	23
M Hannan	Property leases (ii)	**3,343**	—	**128**	—
A O'Connor	Property leases (ii)	**3,343**	—	**128**	—

(i) The group printed and distributed catalogues for Deals Direct part of the Grays e-Commerce Group Ltd, a company for which N Sparks (Non Executive Director) was a Director until 10 October 2016. Amounts were billed based on normal market rates for such services and payable under normal payment terms.

(ii) M Hannan (Non Executive Director) and A O'Connor (CEO Print Australia) are beneficiaries of Rathdrum Property Trust (RPT). Subsidiary companies of PMP Limited have lease agreements with RPT for leasing of properties owned by the Trust. All leases expire on 30 June 2024. PMP assumed responsibility for these leases when it acquired IPMG on 1 March 2017.

During the period 1 March 2017 to 30 June 2017, the following subsidiary companies of PMP Limited incurred lease expenses in relation to RPT lease commitments.

	$ 000
Offset Alpine Printing Pty Limited	1,026
Hannanprint NSW Pty Limited	1,171
Hannanprint Victoria Pty Limited	365
Inprint Pty Limited	759
PEP Central Pty Limited	22
	3,343

The maturity profile of total lease commitments of $78,623,000 to RPT for 7 years ending 30 June 2024 is as follows,

	$ 000
not later than one year	10,261
later than one year but not later than five years	44,215
later than five years	24,147
	78,623

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23 Related parties (continued)

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

Details of controlled entities are set out in Note 19. 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.

(f) Transactions with other related parties

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

24 Business combination

Summary of acquisition

As announced to the market on 28 October 2016, on 1 March 2017 the Group acquired 100% of IPMG Holdco Pty Ltd and its subsidiaries, a print and digital services group operating in Australia. IPMG operates through various businesses including Hannanprint, Inprint and Offset Alpine. IPMG Group entities acquired by PMP Limited and included in the current consolidated financial statements are listed in controlled entities Note 19.

The acquisition was funded by way of 187,970,295 new fully paid ordinary shares in PMP Limited and cash. IPMG shareholders were issued with 177,970,295 PMP Limited fully paid ordinary shares on 1 March 2017 and a further 10,000,000 PMP Limited fully paid ordinary shares on 5 May 2017.

YEAR ENDED 30 JUNE 2017	$'000
(i) Purchase consideration and provisional goodwill on acquisition	
Shares in PMP Limited	128,760
Cash	6,321
	135,081
Net assets acquired *	100,284
Goodwill on acquisition	34,797
	135,081
* Include cash and cash equivalents $11,134,010.	
(ii) Acquisition costs have been recognised as follows	
(a) Amounts recognised in current year profit and loss statement under significant items	8,015
(b) Share issue cost recognised in contributed equity	—
(c) Debt issue costs capitalised into borrowings	—
	8,015

YEAR ENDED 30 JUNE 2017	$'000
24 Business combination (continued)	
(iii) Assets acquired and liabilities assumed at the date of acquisition :	
Current assets	
Cash and cash equivalents	11,134
Receivables	51,797
Inventories	30,160
Other	1,176
Total current assets	**94,267**
Non-current assets	
Property, plant and equipment	72,647
Deferred tax assets	357
Goodwill and intangible assets	495
Total non-current assets	**73,499**
Total assets	**167,766**
Current liabilities	
Payables	34,726
Interest bearing liabilities - financial institutions	2,819
Income tax payable	158
Financial liabilities	434
Provisions	19,081
Total current liabilities	**57,218**
Non-current liabilities	
Interest bearing liabilities - financial institutions	5,637
Deferred tax liabilities	1,382
Provisions	3,245
Total non-current liabilities	**10,264**
Total liabilities	**67,482**
Net assets	**100,284**

The initial accounting for the acquisition of IPMG Holdco Pty Limited and its subsidiaries has been provisionally determined at the end of the reporting period. For tax purposes, the tax values of IPMG's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

(iv) Revenue and profit contribution for 4 months to 30 June 2017:

The revenue generated by the acquired businesses over the four months from 1 March 2017 to 30 June 2017 has been broadly in line with expectations at $105.2 million. If the acquisition occurred on 1 July 2016, the revenue generated by the acquired businesses for the 2017 financial year would have been $339.1 million.

A stand alone Statement of Profit or Loss for the acquired entities for the four month period has not been provided due to the integration into PMP's businesses which commenced immediately following completion on 1 March 2017. This involved three sites closing, production transferring between the various businesses and considerable asset impairments all of which makes it very difficult to provide an underlying performance and therefore a stand alone Statement of Profit or Loss.

YEAR ENDED 30 JUNE 2017	2017 Number '000	2016 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	**379,850**	322,126
Effect of dilutive securities:		
Share rights *	**4,372**	5,960
Weighted average number of shares used in the calculation of diluted earnings per share	**384,222**	328,086

* The weighted average number of exercised/lapsed share rights included is nil (2016: nil).

1,841,820 rights outstanding as at 30 June 2017 are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2017 (2016: 2,409,108). These rights could potentially dilute basic earnings per share in the future.

YEAR ENDED 30 JUNE 2017	2017 $'000	2016 $'000
(b) Earnings		
Net (loss)/profit after income tax	**(126,427)**	185
(Loss)/profit used in calculating basic and diluted earnings per share	**(126,427)**	185

YEAR ENDED 30 JUNE 2017		NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
26 Cash flow statement notes				
(a) Reconciliation of cash flow from operating activities to operating profit after income tax				
Operating (loss)/profit after income tax			**(126,427)**	185
Adjustments for non-cash items:				
Depreciation		2(e)	**27,622**	27,120
Amortisation		2(e)	**927**	794
Impairment/(reversal) of plant and equipment		2(b), 2(c)	**36,082**	(230)
Provision/(credit) for doubtful debts/bad debts written off		5(a)	**842**	(976)
Movement in provision for tax			**–**	(1)
Net loss on disposal of property, plant and equipment		2(c)	**193**	256
Share-based payment plans		2(c), 17	**158**	468
Non-cash superannuation expense		21(b)	**178**	200
Other non-cash items			**33,440**	181
Change in assets and liabilities:				
Accounts receivable	(Increase)		**(21,845)**	(16,468)
Inventories	(Increase)		**(21,228)**	(15,833)
Liabilities	Increase		**65,651**	30,106
Non-current assets	(Increase)/Decrease		**(17,031)**	4,355
Provision for employee benefits	Increase/(Decrease)		**13,038**	(170)
Prepayments and other assets	(Increase)/Decrease		**(4,100)**	2,036
Net cash (used in)/provided by operating activities			**(12,500)**	32,023
(b) Reconciliation of cash and cash equivalents				
Cash and cash equivalents			**54,340**	54,103
Total cash and cash equivalents			**54,340**	54,103

YEAR ENDED 30 JUNE 2017	NOTES	PMP Group 2017 $'000	PMP Group 2016 $'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:			
Financial assets			
Cash and cash equivalents	26(b)	**54,340**	54,103
Trade and other receivables	5	**117,280**	96,277
Derivative financial instruments	14	**2,588**	2,629
Other	7	**240**	240
		174,448	153,249
Financial liabilities			
Trade and other payables	11	**173,838**	139,371
Interest bearing liabilities	12(a), 12(b)	**73,496**	54,506
Derivative financial instruments	14	**620**	1,105
		247,954	194,982

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 2017

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 2017		30 June 2016	
		Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	- AUD floating rate	**4.0%**	**(21,873)**	—	—
Bank loans	- EUR floating rate	**2.0%**	**(13,300)**	2.0%	(16,321)
Corporate Bond		**6.4%**	**(40,000)**	6.4%	(40,000)
Cross Currency Interest Rate Swaps					
	- receive EUR floating rate	**1.8%**	**13,300**	1.9%	16,321
	- pay AUD floating rate	**6.0%**	**(10,986)**	6.5%	(13,427)
Year end borrowing cost (excl. cash, fees & charges)		**5.3%**	**(72,859)**	6.4%	(53,427)
Cash and cash equivalents		**1.5%**	**54,340**	1.7%	54,103

As at balance date, the Group maintained floating rate borrowings of $32.9 million (2016: $13.4 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 2017, the average borrowing rate excluding capitalised fees and charges was 6.2% (2016: 7.1%).

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 2017 $'000	PMP Group 2016 $'000
(ii) Fair value of cross currency swaps			
Australian Dollar / Euro cross currency interest rate swaps		**2,064**	2,580
Total fair value of cross currency swaps	14	**2,064**	2,580

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 2017, a $3,580 gain has been recorded in the Consolidated statement of profit or loss and other comprehensive income (2016: $307 loss).

YEAR ENDED 30 JUNE 2017

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 2017		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	46,430	2,572	2,572	41,286	—
Bank Loans	- Euro	13,300	14,007	3,210	3,150	7,647	—
Cross Currency Swaps	- AUD/EURO (1)	(2,064)	(1,271)				
- inflows				(3,180)	(3,141)	(7,647)	—
- outflows				3,060	2,929	6,708	—
Forward FX Contracts							
- inflows		(49)	(682) (2)	(682)	—	—	—
- outflows		1,102	51,130 (2)	46,342	4,788	—	—
Prepaid finance costs		(1,676)					
Payables		173,838	173,838	173,838	—	—	—
Total		**224,451**	**283,452**	**225,160**	**10,298**	**47,994**	**—**

		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 (1)	(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) (2)	(682)	—	—	—
- outflows		1,105	51,234 (2)	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**

(1) 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)(ii).

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

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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, or where the price is dependant on foreign currencies and also the 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.

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

(i) Foreign currency borrowings

	Liabilities		Assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Euro borrowings	**13,300**	16,321	**–**	–
Cross Currency Swap	**(13,300)**	(16,321)	**–**	–
	–	–	**–**	–

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

		Average exchange rate		PMP Group	
		2017 $	2016 $	2017 $'000	2016 $'000
United States Dollars	- less than one year	**0.738**	0.717	**10,589**	16,767
United States Dollars	- one to two years	**–**	0.731	**–**	4,788
UK Pounds receivables	- less than one year	**0.578**	0.517	**(1,083)**	(682)
Euro	- less than one year	**0.684**	0.660	**20,343**	15,458
				29,849	36,331

(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	
		2017 $	2016 $	2017 NZD $'000	2016 NZD $'000	2017 $'000	2016 $'000
United States Dollars	- less than one year	**0.712**	0.692	**5,355**	6,416	**5,096**	6,151
Euro	- less than one year	**0.638**	0.592	**4,386**	5,742	**4,174**	5,504
Japanese Yen	- less than one year	**–**	75.660	**–**	2,676	**–**	2,566
				9,741	14,834	**9,270**	14,221

YEAR ENDED 30 JUNE 2017

27 Financial instruments (continued)

(d) Foreign currency management (continued)

(iv) Fair value of forward exchange contracts

		NOTES	PMP Group 2017 $'000	PMP Group 2016 $'000
Australian entity	- foreign exchange contracts relating to receipts		**22**	49
Australian entity	- foreign exchange contracts relating to payments		**2**	(662)
New Zealand entity	- foreign exchange contracts relating to receipts and payments		**(120)**	(443)
Total fair value of forward exchange contracts			**(96)**	(1,056)
Comprised of:				
Financial assets	- current	14	**524**	49
Financial liabilities	- current	14	**(620)**	(1,093)
Financial liabilities	- non-current	14	**—**	(12)
Total fair value of forward exchange contracts			**(96)**	(1,056)

At 30 June 2017, a $0.2 million debit (2016: $0.7 million debit) has been recognised within the Consolidated statement of profit or loss and other comprehensive income and a $0.8 million debit, excluding tax effect (2016: $1.0 million debit) is included within the cash flow hedge reserve in equity. $0.1 million credit was transferred to inventory during the financial year ended 30 June 2017 (2016: $0.1 million debit).

YEAR ENDED 30 JUNE 2017

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	0.770	0.847	0.693
Euro	0.673	0.741	0.606
New Zealand dollar to:			
United States dollar	0.7133	0.806	0.660
Euro	0.6431	0.705	0.577
Japanese Yen	81.900	90.100	73.718

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	
	2017 $000	2016 $000
If there was a 10% increase in exchange rates with all other variables held constant - (decrease)	**(2,149)**	(4,716)
If there was a 10% decrease in exchange rates with all other variables held constant - increase	**2,331**	3,697

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 2017

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 2017 was at 0.6 times
- EBITDA (before significant items) to borrowing costs of greater than 4.0 times, and at 30 June 2017 was at 6.3 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 PMP 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 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	–	(96)	–	(96)
Cross Currency Swaps	–	2,064	–	2,064
Total financial derivatives	–	1,968	–	1,968

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

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 2017

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 requirements to prepare, audit and lodge financial statements (refer to Note 19).

Related bodies corporate:

- PMP has guaranteed the borrowings of PMP Finance Pty Limited, PMP (NZ) Limited and Hannanprint NSW Pty Limited to facilitate 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

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 2017	PMP Limited 2017 $'000	PMP Limited 2016 $'000
30 Parent		
As at, and throughout the 2017 financial year, the parent company of PMP Group was PMP Limited.		
Financial performance of the parent		
(Loss)/profit after tax	**(124,867)**	208
Other comprehensive income/(expense)	**195**	(147)
Total comprehensive (loss)/income	**(124,672)**	61
Financial position of the parent at year end		
Current assets	**56,424**	73,013
Non-current assets	**264,753**	247,797
Total assets	**321,177**	320,810
Current liabilities	**124,651**	120,990
Non-current liabilities	**815**	719
Total liabilities	**125,466**	121,709
Net assets	**195,711**	199,101
Total equity of the parent comprising of:		
Contributed equity	**482,819**	353,227
Accumulated losses	**(320,945)**	(196,273)
Share-based payment reserve	**849**	1,523
Dividend reserve*	**32,988**	40,624
Total equity	**195,711**	199,101

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

YEAR ENDED 30 JUNE 2017	PMP Limited 2017 $'000	PMP Limited 2016 $'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	**1,596**	1,986
- later than one year but not later than five years	**3,767**	5,796
- later than five years	**–**	–
Total operating lease rentals (lessee)	**5,363**	7,782
Operating lease rentals - parent as lessor:		
- not later than one year	**–**	–
- later than one year but not later than five years	**–**	–
Total operating lease rentals (lessor)	**–**	–

Investment in controlled entities

PMP Limited has impaired its investment in controlled entities during the year ended 30 June 2017 by $118.5 million (2016: $4.2 million).

Parent capital guarantees in respect of debts of certain subsidiaries

The parent has entered into a Deed of Guarantee with subsidiaries whereby in the event of windup of a subsidiary, the parent guarantees debts of that subsidiary. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 19.

Parent contingent liabilities

There were no contingent liabilities for the year ended 30 June 2017 (2016: $nil).

PMP Limited
ABN 39 050 148 644

PMP LIMITED

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 19 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
Managing Director and Chief Executive Officer

Sydney, 31 August 2017

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 Audit of the Financial Report

Opinion

We have audited the financial report of PMP Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Acquisition of IPMG As disclosed in Note 24, PMP acquired 100% of the shares in IPMG Group, for a consideration of $135.1 million in the form of shares issued in PMP Limited. As part of the transaction goodwill of $34.8 million has been recognised. Accounting for this transaction is a judgmental exercise requiring management to estimate the fair value of the assets and liabilities acquired.	Our procedures included but were not limited to: • reading the sale and purchase agreement to understand key terms and conditions; • evaluating the Purchase Price Allocation ('PPA') calculation prepared by management which allocates the fair value of consideration to the assets and liabilities of the acquired IPMG business; • challenging the assumptions and methods used by management in determining the fair value of the assets and liabilities acquired. For assets, consideration of the fair value was made in reference to carrying value of similar assets already owned by PMP Limited; • assessing the completeness of the assets and liabilities acquired; and • assessing the adequacy of PMP's disclosure in Note 24.
Carrying value of property, plant and equipment and intangible assets including goodwill (Refer Notes 8 and 9) As disclosed in Notes 8 and 9, at 30 June 2017 the consolidated statement of financial position includes property, plant and equipment of $175.1 million and goodwill and other intangible assets of $37.7 million, after recording an impairment loss of $30.7 million. The evaluation of the recoverable amount of these assets requires significant judgement in respect of the key assumptions such as the 5 year cash flow forecasts, long term growth rate and discount rate.	Our procedures included but were not limited to: • evaluating the appropriateness of management's process over the evaluation of the carrying value of property, plant and equipment and intangible assets including goodwill to determine any asset impairments; • assessing the identification of cash generating units, including the allocation of goodwill; • agreeing relevant data to board approved budgets and latest forecasts; • challenging the forecasts by reference to the historical forecasting accuracy of management; • in conjunction with our valuation specialists we assessed and challenged: ○ the key assumptions for long term growth in the forecast cash flows by comparing them to historical results and industry forecasts;

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	○ the discount rate applied by comparing to an independently determined discount rate; • performing sensitivity analysis in relation to key assumptions including cash flow forecasts and discount rate; • testing, on a sample basis, the mathematical accuracy of the cash flow models; and • assessing the appropriateness of the disclosures included in Notes 8 and 9.
Recoverability of Deferred Tax Assets relating to carry forward losses As disclosed in Note 10, at 30 June 2017 the Group has recorded a deferred tax asset of $36.5 million in relation to carry forward tax losses incurred by the Group. We focussed on this matter due to the significant judgement required to assess whether there will be sufficient future taxable profits to utilise the recognised deferred tax assets.	Our procedures included but were not limited to: • assessing and challenging management's judgements relating to the recoupment of Australian tax losses and the forecasts of future taxable profit and evaluating the reasonableness of the assumptions underlying the preparation of the taxable income forecasts; • confirming that the forecasts used are consistent, to the extent relevant, with those used in the impairment models; • evaluating whether all losses will remain available indefinitely for offset, subject to continuing to meet the statutory tax tests of continuity of ownership or, failing that, the same business test; and • assessing the appropriateness of the disclosures in Note 10 in respect of current and deferred tax balances.

Other Information

(a) The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Directors' Responsibilities 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 49 to 58 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of PMP Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

JL Gorton
Partner
Chartered Accountants
Sydney, 31 August 2017

		2013 <a>	2014	2015 <b>	2016	2017 <e>	% change
		(Restated)					
SALES REVENUE							
PMP Australia	A$ mill	493.6	439.9	392.3	—	**—**	—
Print Group Australia (<f>)	A$ mill	—	—	—	199.7	**263.0**	31.7
Distribution and Marketing Services <f>	A$ mill	—	—	—	134.9	**124.5**	(7.7)
Gordon & Gotch Australia	A$ mill	323.4	298.4	268.5	345.8	**470.5**	36.1
PMP New Zealand	A$ mill	158.8	160.9	150.9	135.6	**193.5**	42.7
Total Sales Revenue	A$ mill	975.8	899.2	811.7	816.0	**1,051.5**	28.9
PROFITABILITY							
PMP Australia	A$ mill	60.0	46.79	41.3	—	**—**	—
Print Group Australia (<f>)	A$ mill	—	—	—	26.4	**16.7**	(36.8)
Distribution and Marketing Services <f>	A$ mill	—	—	—	10.6	**3.9**	(63.4)
Gordon & Gotch Australia	A$ mill	1.4	3.68	3.5	2.9	**2.7**	(7.2)
PMP New Zealand	A$ mill	16.9	17.61	18.6	15.0	**12.4**	(17.2)
Corporate	A$ mill	(6.6)	(4.67)	(5.3)	(3.7)	**(3.5)**	(7.3)
Total EBITDA (before significant items)	A$ mill	71.6	63.4	58.1	51.2	**32.2**	(37.0)
Total EBIT (before significant items)	A$ mill	33.8	28.8	26.4	23.3	**3.7**	(84.2)
NPAT post significant items	A$ mill	(70.2)	3.4	8.0	0.2	**(126.4)**	—
PMP Australia EBITDA*/sales	A$ mill	12.1	10.6	10.5	—	**—**	—
Print Group Australia EBITDA*/sales	A$ mill	—	—	—	13.2	**6.4**	(52.0)
Distribution and Marketing Services EBITDA*/sales	A$ mill	—	—	—	7.9	**3.1**	(60.3)
Gordon & Gotch Australia EBITDA*/sales	A$ mill	0.4	1.2	1.3	0.8	**0.6**	(31.8)
PMP New Zealand EBITDA*/sales	A$ mill	10.6	10.9	12.3	11.1	**6.4**	(42.0)
Total EBITDA*/sales	A$ mill	7.3	7.1	7.2	6.3	**3.1**	(51.1)
OTHER							
Net cash (used in)/provided by operating activities	A$ mill	7.6	35.5	33.2	32.0	**(12.5)**	(139.0)
Earnings per ordinary share (basic)	cents	(21.7)	1.1	2.5	0.1	**(33.3)**	—
Earnings per ordinary share (diluted)	cents	(21.7)	1.1	2.5	0.1	**(32.9)**	—
Dividend per share (paid)	cents	—	—	—	<c> 3.0	<g> **2.4**	
Total assets	A$ mill	549.2	502.7	469.5	476.9	**570.0**	19.5
Total net debt/(net cash)	A$ mill	89.1	51.7	16.3	(0.7)	**18.5**	—
Total shareholders equity	A$ mill	258.6	264.8	<b> 270.5	259.4	**255.1**	(1.7)
Net debt/Equity Ratio	%	34.4	19.5	6.0	—	**(0.3)**	—
Interest Cover <d>	times	4.7	5.1	6.5	8.5	**6.3**	(25.1)
Depreciation	A$ mill	37.0	34.0	31.0	27.1	**27.6**	1.8
Amortisation	A$ mill	0.8	0.6	0.8	0.8	**0.9**	17.7
Capital Expenditure	A$ mill	23.8	5.2	5.5	4.2	**2.0**	(53.9)
Employees Full Time	No.	1,587	1,360	1,260	1,248	**1,980**	58.7

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

<c> 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).

<d> EBITDA before significant items / Interest.

<e> Includes IPMG result for 4 months to 30 June 2017.

<f> PMP Australia business segment separated into Print Group Australia and Distribution and Marketing Services businesses in 2017 with comparables shown for 2016.

<g> Final dividend for the year ended 30 June 2016 of 2.4 cents (0% franked).

Shares and Options / Rights

Shares on issue	508,027,825
Employee rights*	6,213,640
Total rights	6,213,640

* 699,204 performance rights lapsed following the announcement of the results for the year ended 30 June 2017.

Distribution of Shareholders	Number of Shareholders	Number of Shares	% of Issued Capital
1 - 1,000	718	405,302	0.08
1,001 - 5,000	1,629	4,552,048	0.90
5,001 - 10,000	486	3,905,786	0.77
10,001 - 100,000	1,057	39,368,498	7.75
100,001 and over	140	459,796,191	90.50
Total number	4,030	508,027,825	100.00
Unmarketable Parcels: Minimum $500.00 parcel at $0.74 per unit: 676	399	107,043	–

Name of Substantial Shareholders	Number of Shares	% Voting Power
Michael Hannan, Lindsay Hannan, Sayman P/L, Adrian O'Connor, Richard O'Connor, James Hannan	187,970,295	37.0
Allan Gray Investment Management	53,189,195	10.7
Fraser & Neave	39,020,117	7.8
Lazard Asset Management Pacific Co	32,678,118	6.6

Twenty Largest Shareholders**	Number of Shares	% of Total Issued
Citicorp Nominees Pty Limited	84,666,293	16.67
Mr Lindsay Hannan	70,005,663	13.78
Mr Adrian O'Connor + Mr Richard O'Connor	46,597,836	9.17
J P Morgan Nominees Australia Limited	45,418,632	8.94
Mr Michael Hannan	40,092,497	7.89
HSBC Custody Nominees (Australia) Limited	39,409,677	7.76
Aust Executor Trustees Ltd <LAVF>	24,493,188	4.82
Sayman Pty Limited <Lindsay Hannan Family A/C>	23,255,799	4.58
Anacacia Pty Ltd <Wattle Fund A/C>	10,210,621	2.01
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	10,154,794	2.00
National Nominees Limited	8,433,692	1.66
Mr James Hannan	8,018,500	1.58
Sandhurst Trustees Ltd <Wentworth Williamson A/C>	6,405,829	1.26
Wattle Laboratories Pty Ltd <Advanced Culture Systems A/C>	4,500,000	0.89
UBS Nominees Pty Ltd	3,917,632	0.77
HSBC Custody Nominees (Australia) Limited - A/C 2	2,796,371	0.55
Wattle Laboratories Pty Ltd <Advanced Culture Systems A/C>	2,056,709	0.40
BNP Paribas Noms Pty Ltd <DRP>	1,675,663	0.33
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	1,155,815	0.23
Miss Yan Li	1,100,000	0.22
Totals: Top 20 Holders of Fully Paid Ordinary Shares	434,365,211	85.50
Total Remaining Holders Balance	73,662,614	14.50

** Ungrouped

Shareholder Information

Alistair Clarkson
B Com LLB MBA ACIS GradDipACG

COMPANY SECRETARY

The PMP Limited Annual General Meeting

will be held at 11am on Wednesday 22 November 2017 at:

Deloitte Touche Tohmatsu
Level 9 Grosvenor Place,
225 George Street
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
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

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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® Certified paper;
- Offset the life cycle greenhouse gas emissions from the annual report.

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PMP LIMITED ABN 39 050 148 644

Level 12, 67 Albert Avenue, Chatswood NSW 2067
TELEPHONE +61 2 9412 6000 | **WEBSITE** pmplimited.com.au