PMP LIMITED

ANNUAL REPORT 2018

An integrated print media and marketing services company

CONTENTS

OVERVIEW

FINANCIAL REPORT

FINANCIAL STATEMENTS

PMP LIMITED

ABN 39 050 148 644

Registered Office:
Level 1, 100 Harris Street,
Pyrmont NSW 2009
Tel: 02 9412 6111
pmplimited.com.au

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at

11am on 22 November 2018 at:

Deloitte Touche Tohmatsu
Level 9, Grosvenor Place,
225 George Street, Sydney, NSW 2000

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

INVESTOR INFORMATION

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

Geoff Stephenson
Tel: 02 9412 6111
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

CHAIR
Matthew Bickford-Smith

CEO/MANAGING DIRECTOR
Kevin Slaven

NON-EXECUTIVE DIRECTORS
Michael Hannan • Dhun Karai •
Terry Sinclair • Wai Tang

PMP LIMITED

COMPANY PROFILE

The principal activities of PMP Limited are marketing services, digital premedia, commercial printing and distribution of printed media to letterboxes and retail outlets.

The company is structured into four divisions -
In Australia: Print, Distribution and Marketing Services;
In New Zealand: PMP New Zealand.

PMP Limited is the largest integrated print and distribution company in Australia and New Zealand, producing catalogues, magazines, newspapers and books. PMP Print's production plants are located strategically in major cities. The company offers letterbox distribution of catalogues and newspapers direct to households though its PMP Distribution business and magazine distribution direct to retail outlets through its Gordon & Gotch business.

With the merger of IPMG, PMP now has a range of marketing services, which include: creative design, brand strategy, business consulting services, marketing automation, photography, videography, point-of-sale, public relations, content and social media.

The company was listed on the ASX in 1991. In 2017 PMP merged with IPMG, combining two businesses with a long and distinguished history going back for over 100 years.

PMP LIMITED IS AN INTEGRATED PRINT MEDIA & MARKETING SERVICES COMPANY

With an unrivalled national footprint and over a hundred years of experience with Australian businesses, the PMP of today has full-service capability of print, distribution and value-adding marketing services across Australia and New Zealand.

PMP EVOLVES WITH ITS CUSTOMERS AND MARKETS

We have seen our customers and the markets they operate in reinvent and transform themselves in recent years.

Our business is no different. We have proactively worked with our clients to understand their changing needs and deliver them new and innovative solutions. Because of this, our customer relationships are our single biggest asset, and it is this client centric approach that has enabled us to hold many of those relationships for over 30 years.

CUSTOMER CENTRICITY AND THE TALENT THAT SUPPORTS IT IS OUR EVERYTHING

Our customers' loyalty is only possible because of the outstanding relationships that our employees have built with them. Our talent reflects both our legacy and our eye on the future. Numerous members of our team are in their third decade with the company. Their experience is enhanced by more recent team members with new skills and apprenticeship programs that will build our talent pipeline for decades to come.

PMP works with leading retail marketing brands, providing them with one of the only marketing channels that hasn't been fragmented – namely our nationwide distribution network able to reach 6.7 million homes.

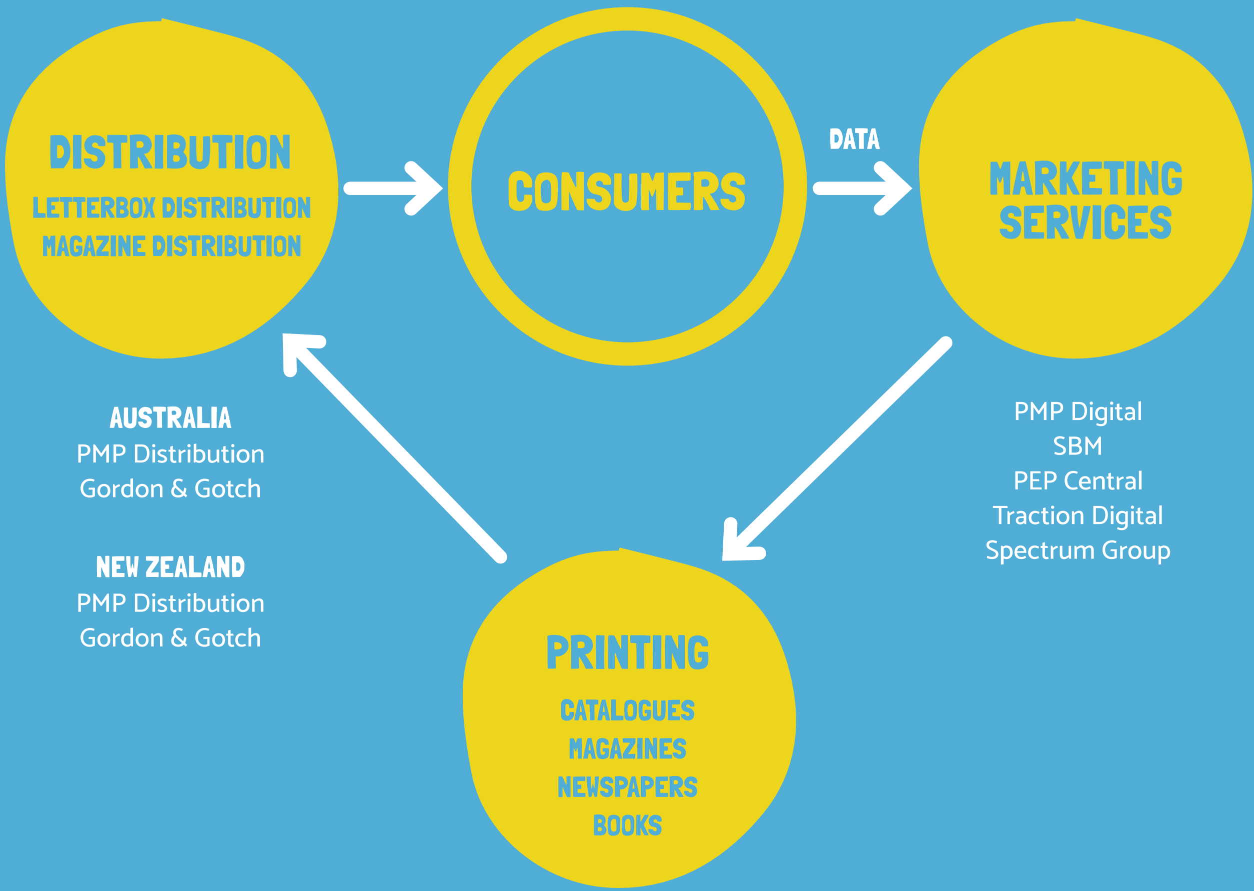
We also work with publishers, printing and distributing catalogues, magazines, newspapers, and printing books. Our business has shared the impact of disruption that has changed these industries and we are working together with them to build the models required to sustain and evolve them.

WORKING FOR A SMARTER TOMORROW

The next phase of PMP's evolution is around expanding on those relationships and developing tools that will allow the catalogue channel to deliver improved insights and measure return on investment. This will allow us to enhance the segmentation, targeting and measurement of this channel and thereby delivering clear attribution for print in the marketing mix.
These efforts both enhance our core print offer today and open new revenue streams going forward.

In a world fuelled by digital distribution, we see an increased value for the unique qualities of printed material delivered to the home, which remains at the core of our model. Our clients value both the opportunity the channel brings and its impact on retail spend. Our customers need for fast, efficient and flexible print drives the investment we are making in a new Manroland 80-page press.

PMP LIMITED IS AN INTEGRATED PRINT MEDIA & MARKETING SERVICES COMPANY



AUSTRALIA
PMP Distribution
Gordon & Gotch

NEW ZEALAND
PMP Distribution
Gordon & Gotch

PMP Digital
SBM
PEP Central
Traction Digital
Spectrum Group

AUSTRALIA
PMP Print
Inpack
Griffin Press

NEW ZEALAND
PMP Print
PMP Maxum

OUR SERVICE OFFERING IS LIKE NO OTHER

CREATION	TRANSFORMATION	PRODUCTION	PUBLICATION
Developing strategy and novel thinking	Using fast and slow data to personalise and customise	Turning thinking and original assets into usable formats	Publishing physical or virtual materials
SBM Spectrum Group PMP Digital PEP Central	SBM Traction Digital	SBM Spectrum Group PMP Digital PEP Central	PMP Print PMP Maxum Griffin Press Spectrum Group Traction Digital

As we enter our next phase as a business, our valued customers remain at the centre of our thinking. We know the benefits of scale, having supported the largest retail marketers and publishers across Australia and New Zealand. We leverage our own scale for them, offering efficiency of production and delivery and extending our value with marketing services and innovations.

The physical scale of Australia presents clear challenges to any business looking to deliver marketing materials to the home, a place where our audience spends more than half of all their time. Our nationwide facilities and capabilities in both print and distribution mean we can deliver flexibility to our clients. No other single competitor can compete with this.

We are committed to the future of the printing industry. Advances in the understanding and leverage of big data presents the next evolution of our value as a company. We have established partnerships and are using data to better predict consumer behaviour and target distribution of marketing materials. We are investing in understanding and demonstrating clear attribution metrics as a core pillar of our work in this space.

VERTICAL INTEGRATION WILL DRIVE VALUE FOR OUR CUSTOMERS

PMP's adoption and utilisation of technology goes beyond partnerships. We are leveraging the capabilities we have internally to bring customer-centric value to the table. Our Advertising Production System (APS) brings together workflow and digital asset management into a solution that can help our customers better manage multiple suppliers in their production supply chain and easily scale during critical marketing periods. Our goal is to take days out of the marketing supply chain, moving decision-making closer to the inventory at hand.

Our marketing services businesses extend our skills and ability to deliver into digital realms. We are bringing extensions to customers that connect the catalogue and the couch. Our efforts are not only guided by a tactical cross-sell, but also include an expansion of value for a key component of our core retail clients' marketing mix.

DISTRIBUTION → **CONSUMERS** → **LOYALTY**

DISTRIBUTION

Getting those materials to the audience

PMP Distribution
Gordon & Gotch
Spectrum Group
Traction Digital

CONSUMERS

Understanding the impact on the audience

PMP Distribution
Traction Digital

LOYALTY

Retaining a relationship
Driving advocacy and value

Traction Digital

OUR SERVICE OFFERING IS LIKE NO OTHER

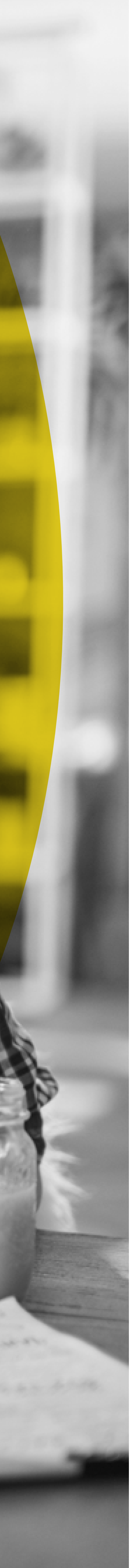
PMP's unique positioning has grown over the past year, as the only company in Australia and New Zealand with:

- A suite of Marketing Services businesses that can help customers with their marketing strategy, creative development, photography, layouts, colour management, proofing, image retouching, data asset management, content creation, digital deployment, audience engagement and marketing automation;
- An Advertising Production System that automates retailer's workflows, saving them time and money;
- A national footprint of print sites, ensuring the most timely and efficient production of printed material at scale;
- Access to 4,000+ retail locations via our Gordon & Gotch delivery network;
- The ability to reach 6.7 million households via their letterboxes with our home distribution network.

PMP can take a marketing idea from concept to letterbox –our service offering is like no other.

PMP CAN TAKE A MARKETING IDEA FROM CONCEPT TO LETTERBOX

PMP is now a fully integrated print, distribution and marketing services company, and an effective marketing partner for leading retailers.



CHAIR'S REVIEW

MATTHEW BICKFORD-SMITH
CHAIR

Dear Shareholders

I share your disappointment that PMP's FY18 performance fell significantly short of expectations. After forecasting earnings of $70M in a trading update on 20 November 2017, EBITDA* of $40.6M for the year ended 30 June 2018 was unacceptable.

The contributing circumstances were to some degree unexpected. Very importantly, the ACCC's protracted approval process meant PMP lost the opportunity to address integration issues during the quieter production months of December, January and February. As a consequence, PMP's early post merger operational issues were not able to be mitigated during that period, which together with an additional $7M in energy costs over the previous year, materially impacted the year's unsatisfactory results. In addition, significant overtime and increased cost of production was necessary to meet customer schedules and expectations during the busier months while we were de-commissioning, relocating and re-installing some of our largest equipment.

Pressure of an unpredictable print market and the challenges of integrating two large, diverse and complex print organisations, PMP revised its earnings guidance twice during FY18. The first, in November 2017, after it became clear that the merged Print entity was operating at a higher cost base than the pre-merger synergy plan had envisaged.

At issue were higher than expected volumes of labour-intensive, short run work transferred into the merged group and lower than forecast sell prices, requiring cost-out initiatives to restore Print Australia's profitability. The second, in February 2018, when it was apparent that Print Australia's mix of work was transitioning more quickly than expected away from magazine and newspaper volumes, affecting forecasts.

Small EBITDA reductions in Distribution Australia and PMP New Zealand were substantially offset by a $2.7M increase in EBITDA from Marketing Services. In Print Australia, when taking into account a full year's earnings of IPMG, EBITDA fell by $8.5M.

At the Group level, when taking into account a full year of IPMG's trading, sales dropped by $108M from $842M to $734M. This was largely due to heatset sales reducing by $86M, predominantly from the loss of Coles and Pacific Magazines at $61M, with a further $25M of reductions mainly in newspaper and magazine sales.

The integration issues are now behind us, and we have firm control over PMP's cost structure. Importantly our cost per tonne of output is reducing as integration benefits take hold.

POST MERGER CHALLENGES HAVE BEEN ADDRESSED

*Before significant items

OVERVIEW

FY18 KEY FINANCIALS

$M	FY18	FY17	%
Sales Revenue[1]	734.0	601.9	21.9
EBITDA (before significant items)	40.6	32.2	26.0
Depreciation and Amortisation	(31.3)	(28.5)	(9.6)
EBIT (before significant items)	9.4	3.7	153.9
Net Profit / (Loss) After Tax (before significant items)	1.1	(1.9)	-
Significant Items Post Tax[2]	(44.9)	(124.5)	-
Loss (after significant items)	(43.8)	(126.4)	-
Cash Flow from Operating Activities	(6.1)	(12.5)	51.3
Net Cash Flow[3]	(12.6)	(10.7)	(17.5)
Net Debt	(32.8)	(18.5)	-
EBITDA[4] to Sales Revenue[1] percentage	5.5%	5.4%	-
Net Debt / EBITDA[4]	0.8x	0.6x	-

1. Restated due to PMP early adopting *Revenue from Contracts with Customers, ("AASB 15")*, resulting in a restatement of revenue and expenses for the financial year ended 30 June 2017 but no impact on EBITDA.
2. FY18 includes ($39.4M) of significant items before tax, ($16.9M) of tax losses not brought to account partially offset by $11.6M of tax benefit on significant items and ($0.2.M) of adjustments to prior year tax losses not recognised.
3. Net Cash Flow equals Cash Flow from Operations and Investing Cash Flows.
4. Before significant items.

2018 SUMMARY

- FY18 results delivered on restated guidance with EBITDA[4] of $40.6M.
- Merger integration complete, initial productivity and workflow issues behind us.
- Clear strategy based on high volume customers, catalogues and cost competitiveness.
- Press investment to provide production and cost efficiencies, net capacity reduced.

Sales revenue[1] of $734.0M was a 21.9% increase compared to last year.

- Driven by a $131.1M increase in Print Group Australia revenue, with stability in catalogue revenue.
- Marketing Services Australia increased $10.8M.
- On a like for like basis, sales are down $108M pcp ("previous corresponding period"). Print Group Australia down $86M (loss of Coles and Pacific Magazines/lower newspaper and magazine volumes).

EBITDA[4] increased by 26.0% compared to last year.

- FY18 EBITDA[4] at $40.6M up 26.0% pcp in line with market guidance given in February 2018.
  - EBITDA[4]/sales ratio 5.5% vs 5.4% pcp.
  - Print Group Australia: Heatset sales up $134.8M to $410.9M, however ($86M) lower on a like for like basis due to ($61M) customer losses resulting from the merger with IPMG (predominately Coles and Pacific Magazines) and ($25M) from lower volumes from existing publishing customers.
  - Print Group Australia EBITDA[4] up $7.4M to $24.3M, however $8.5M lower on a like for like combined business basis due to the lower revenue noted above and a temporary increase in manufacturing costs resulting from the disruption to productivity and workflow as we met customer needs through the complex integration process. These integration issues are now behind us and we have a firm control over costs to improve returns.
  - Tier 1 retail catalogue sales are performing well with scope for further improvement. Of Print Australia's Top 30 customers, the Group currently provides additional distribution and/or digital marketing services to half of those customers.
  - Distribution Australia: EBITDA[4] down $0.1M at $2.9M. Catalogue volumes up 1.3% pcp from increased market share.
  - Marketing Services Australia: EBITDA[4] $6.3M, up from $3.6M pcp. Growth is being driven by improved digital marketing services revenue and Gordon & Gotch.
  - PMP New Zealand EBITDA[4] down ($1.8M) pcp as lower sell/price mix offsets cost savings.
- Net Cash Flow[3] ($12.6M) vs. ($10.7M) pcp.
  - Impacted by $10.2M of cash out for June 2017 provisions being paid out in FY18; pre these items, Net Cash Flow ($2.4M).

Net Debt:

Our balance sheet remains strong. Net Debt of ($32.8M) is better than February 2018 guidance.

NEW EXECUTIVE LEADERSHIP AND A REFRESHED BOARD

NEW EXECUTIVE LEADERSHIP

In November 2017, our former CEO, Peter George, had to accelerate his retirement. We thank Peter for his dedication to the company through many challenging years. He made a tremendous contribution to PMP. The merger could not have been achieved without his leadership.

Having already begun the succession process, the Board moved quickly to appoint former IPMG Group CEO, Kevin Slaven, as Interim CEO from 1 December 2017 – a position that was made permanent from 27 February 2018. Kevin is a well-respected and highly effective leader in the print industry with a strong track record of managing integrated print and distribution operations. The Board has every confidence in his understanding of the opportunities and challenges that exist for our company and the industry, and his absolute commitment to improving PMP's profitability.

During the year, Kevin brought together a new leadership team from the merged companies, combining the best of both management teams. The new leadership team has firm control of the business. This team remains focused on the cost base of the core print business, and will continue to adjust this cost base to reflect market changes in product mix and volumes, supporting an improved financial performance over time.

A REFRESHED BOARD

In October 2017, two highly experienced and commercially focused Directors were appointed as Non-Executive Directors to the PMP Board, returning the Board to majority independence:

- Wai Tang has extensive retail industry experience and knowledge gained through senior executive and board roles. She is a Non-Executive Director of Vicinity Limited and JB Hi-Fi Limited.
- Terry Sinclair has significant experience across the industrial, resources and consumer services sectors. He is a Non-Executive Director of Cleanaway Waste Management Limited and NetGet Holdings Limited.

Following their election at the 2017 Annual General Meeting, Wai and Terry were appointed to sit on Board Committees, respectively joining the Appointments and Compensation Committee and the Audit and Risk Management Committee.

In May 2018, Stephen Anstice resigned from the Board for personal reasons. We thank Stephen for the very valuable contribution he made to the company following the merger.

SALES REVENUE[1] ($M)

2016	530.6
2017	601.9
2018	734.0

SIGNIFICANT ITEMS ($M)[3]

2016	(11.6)
2017	(124.5)
2018	(44.9)

EBITDA[2] before significant items ($M)

2016	51.2
2017	32.2
2018	40.6

NET (DEBT)/CASH ($M)

2016	0.7
2017	(18.5)
2018	(32.8)

NET (LOSS)/PROFIT after significant items ($M)

2016	0.2
2017	(126.4)
2018	(43.8)

GEARING LEVEL

(Net Debt/EBITDA[2] before significant items)

2016	0.0x
2017	0.6x
2018	0.8x

1. Restated due to PMP early adopting AASB 15, resulting in a restatement of revenue and expenses but no impact on EBITDA.
2. Profit/(loss) before depreciation, amortisation, finance costs and income tax.
3. Post tax.

PMP WILL MAINTAIN ITS CONSERVATIVE BALANCE SHEET

DEBT PROFILE

Following the integration of the businesses, PMP will maintain a conservative balance sheet and a very disciplined approach to capital expenditure. Net Debt at June 2018 of $32.8M is better than full year guidance of $35M - $40M, with gearing at 0.8x net debt to EBITDA (before significant items) compared with 0.6x at 30 June 2017.

THANK YOU

I acknowledge and thank all employees and Board members for their contribution during the year. To our new Executive Leadership Team, thank you for your resilience in the face of unforeseen challenges arising from the merger. To PMP's dedicated employees, thank you for your strong work ethic in a difficult year of moving presses and facilities.

THE STRATEGIC RATIONALE OF THE MERGER HAS NOT DIMINISHED

OUTLOOK

Despite the year's challenges, the strategic rationale of the merger has not diminished. The merged group and its optimised press fleet has realigned capacity with demand. The overall Australian print industry's structure has substantially changed for the better.

PMP goes into FY19 with a differentiated strategy that addresses the market's new mix of printing work, focussing on high volume customers, catalogues and cost competitiveness. The Board believes this strategy, which is discussed in detail in the CEO's Report, is the best path for generating sustainable and profitable returns for shareholders.

Your company now has an efficient infrastructure and strong capabilities – and it is operating within a much improved industry structure. With the merger integration challenges finally behind us, the company is now able to focus on delivering for our clients a range of products and services from the best vertically integrated company in the industry.

Matthew Bickford-Smith
Chair

This was a moment that teaches us all about the value of solid business partnerships, because PMP moved mountains to help us. If it wasn't for PMP our entire Christmas sales campaign would have lost a week in the market and the potential revenue loss of 20% would have been catastrophic.

KELLY CROSS
MARKETING DIRECTOR, AUSTRALIAN GEOGRAPHIC

CEO'S REVIEW

KEVIN SLAVEN
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

THE ROAD AHEAD

I want to start by acknowledging how grateful I was to be formally appointed as CEO and Managing Director earlier this year. I feel privileged to be at the helm of PMP at such a critical period in its evolution. Our key customers have been my focus, and positive discussions with them have validated our forward strategy. I have also put together the team that will take this business forward. My talented executive leaders are the best of our combined business, and an outstanding external appointment who will drive the development of our structure as an organisation, and the culture required to support it.

We made a major undertaking bringing PMP and IPMG together, but that work is now behind us with the physical integration of the businesses successfully complete. This important and necessary step in our industry has helped stabilise pricing and capacity issues that have long plagued the sector.

Over the last 12 months, our focus has been on integrating the businesses' capabilities to deliver an efficient, competitive and full-service offer to our customers.

This offer provides a sustainable platform for stability and growth.

Hard decisions and focus have delivered us to a point where we can look to the future and make choices in how we invest and evolve our company to meet customers' needs both today, and in the years to come.

We have developed a clear vision and cohesive strategy based around our full-service capability of delivering print, distribution and value-adding marketing services focused on high volume customers, catalogues and cost competitiveness.

Our top 30 customers are among the highest-ranking brands according to the Roy Morgan Net Trust Score. Our top 20 retail customers have consistency in spend and volume for catalogues as the foundation of their ongoing marketing plans.

We are investing to lead the market by providing innovative impact measurements for catalogues that ensure this channel delivers insights and impact at the cash register for our retail customers. Our investment and partnerships in data will further enhance the integration and effectiveness of print marketing. We are excited about evolving this crucial element by demonstrating the impact of print in driving conversions and direct sales.

We have a clear and separate strategy for our newspaper and magazine publishing customers. We are proud to publish some of the most important and long-standing consumer print publications that literally build the storied Australasian cultural landscape. There's no escaping the challenges associated with declining volumes of consumer facing print publications, but we will continue to support the publishers in a way that works for us strategically and is mindful of our obligations in meeting shareholder expectations.

In addition to our focus on key customer categories, we will continue to deliver on our proven track record in cost competitiveness. We are investing in a new $20 million 80-page press which will allow us to retire older inefficient presses to further reduce our underlying manufacturing costs whilst enhancing our service offering through this latest technology. This investment also allows for the reduction of our overall capacity and is crucial to ensuring a supply-demand equilibrium is maintained.

OVERVIEW

FY18 KEY FINANCIALS

NET SALES REVENUE[1] ($M)	FY18	FY17	Var $	Var %
Print Group Australia	440.6	309.5	131.1	42.4
Distribution Australia	85.8	86.8	(1.1)	(1.2)
Marketing Services Australia	87.5	76.7	10.8	14.0
PMP New Zealand	120.1	128.8	(8.7)	(6.8)
TOTAL GROUP	734.0	601.9	132.1	21.9

EBITDA[3] ($M)	FY18	FY17	Var $	Var %
Print Group Australia	24.3	16.9	7.4	43.6
Distribution Australia	2.9	3.0	(0.1)	(3.2)
Marketing Services Australia	6.3	3.6	2.7	75.4
PMP New Zealand	10.6	12.4	(1.8)	(14.7)
Corporate/Other	(3.5)	(3.8)	0.2	5.9
TOTAL GROUP	40.6	32.2	8.4	26.0

1 Restated due to PMP early adopting AASB 15, resulting in a restatement of revenue and expenses and no impact on EBITDA.
2 Australasian Catalogue Association 12 months to June 2018.
3 Before significant items.
4 When comparing yoy including the IPMG print business pre-acquisition in FY17, tonnes were down (48.7k) or (16.6%).

2018 SUMMARY

Print Group Australia revenue[1] at $440.6M is up by $131.1M or 42.4%.

However, when including the IPMG print business on a comparable basis FY17 heatset tonnes showed a 16.6% reduction year-on-year mainly due to post merger customer losses (Coles and Pacific Magazines), and lower volumes on existing publishing and newspaper customers.

- EBITDA[3] at $24.3M was up $7.4M, positively impacted by the higher volumes from IPMG heatset print and post merger savings which more than compensated for the reduced publishing volumes, impact of lower sell prices resulting from renegotiated contracts around the time of the merger and certain uncontrollable input costs such as electricity.
- Whilst the operating infrastructure costs of Griffin Press were significantly reduced during the year and operating performance was improved, the result from this business was impacted by lower volumes after two major customer losses earlier in the year resulting in a $0.7M lower EBITDA[3] pcp.

PMP New Zealand revenue[1] $120.1M down ($8.7M) or (6.8%).

- PMP New Zealand EBITDA[3] of $10.6M, was down $1.8M pcp.
  - Gordon & Gotch EBITDA[3] was up $0.9M as improved operational efficiencies and favourable price/mix outweighed lower volumes.
  - Heatset print EBITDA[3] was down $2.0M year-on-year as lower sell prices offset tight cost controls and lower input costs. Sheetfed revenues were lower, down 5.9%.
  - Distribution EBITDA[3] was $0.3M below last year.

Distribution Australia revenue[1] $85.8M down ($1.1M) or (1.2%) pcp.

- Volumes up 0.8% vs. industry[2] (2.3% down), lower sell price delivered EBITDA[3] at $2.9M down by $0.1M pcp.
- Operational and administration savings and higher volumes offset by lower sell prices in a competitive environment.

Marketing Services Australia revenue[1] $87.5M, up $10.8M or 14.0% pcp.

- Digital marketing services revenues[1] up $13.8M were partially offset by lower sales at Gordon & Gotch down $3.0M or 5.0% pcp. Volumes at Gordon & Gotch were down 10.6% pcp with lower volumes and fewer titles from a number of customers.
- EBITDA[3] at $6.3M was $2.7M higher pcp due to $2.2M higher profit at SBM and the digital marketing services businesses from the extra 8 months sales at the IPMG businesses and lower costs at PMP Digital.
- Gordon & Gotch EBITDA[3] at $3.2M was up 20.6% or $0.5M pcp as favourable price/mix and lower operational and administration costs offset the impact from lower volumes.

PMP LEADS THIS EMERGING MOVEMENT AND WILL CONTINUE TO DRIVE THESE INITIATIVES

OUR FOCUS ON CUSTOMERS

There's no doubt we have an impressive long term customer base. The recent Roy Morgan Net Trust Index showed six of our customers in Australia's top 10 most trusted brands . All our top 30 customers featured in the Roy Morgan survey results, a strong endorsement of the role of print in an era where trust means more than ever for enduring customer loyalty and profit.

These companies, with a strong trust index and loyal customer base are showing consistent volumes in their commitment to catalogues. They know their customers and that print delivered to the home has a positive impact. This gives us confidence in our platform for the future.

We are pleased to continue our commitment to the effectiveness of catalogues. Catalogues are at the foundation of our business. Every major initiative, and our daily focus, is enhancing the effectiveness of the catalogue as a measurable marketing channel for our retail customers.

We believe in a channel with defined attribution of value for our retail customers and we are investing and partnering to quantify this with transactional data. Our initial presentations to customers of this approach have been warmly received as we carve a unique position in the sector to demonstrate how their catalogues directly impact consumer behaviour.

This strategic direction has harnessed the best of our internal talent and leveraged external partnerships guided by our vision for measuring the impacts that our customers are seeking. We are partnering with Quantium to build a model that harnesses customer, commercial and our own data to deliver outcomes that will improve catalogue effectiveness.

Working with creative targeting, personalisation and analytics, PMP is building a platform of world-leading technology for retail marketing.

We know these measurement initiatives will broaden the reach, lifespan and attribution of catalogues, helping create growth for our customers as we deliver catalogues, impacts, insights and consumers as our part of the marketing mix.

Make no mistake, print is the foundation of our business and our customers' marketing but we are adding value to our retail customers - and profit margin for our shareholders - with these new services based on data.

Our retail partners are responding enthusiastically to our offer of a holistic service through our integrated print, distribution and digital marketing solutions, which is unmatched in the sector and a key differentiator for our business.

MAGAZINE PUBLISHING EVOLVES TO TACKLE CHALLENGES

Publishers are responding to disruption in their sector. We acknowledge that consumer magazines continue to be challenged, but compelling original content is still in high demand. This is evident in the success of custom publishing as the supermarket brands blaze a trail for other sectors to follow in connecting to customers through richer printed content.

We are working closely with content producers and customer publishers who are building new models for brands to capture large consumer audiences in a cost effective way. PMP is well positioned to take advantage of these trends as other brands start using the opportunities shown by the supermarket chains.

For PMP, the disruption in consumer publishing is less about the format and more about the direct-to-home channel. For magazine publishers this has been a challenge not overcome. For PMP it is our bread and butter. Put simply we own the direct-to-home channel and are uniquely placed to deliver across 8 million Australian and New Zealand homes once the content offering settles on a stable proposition that taps audience needs.

The direct-to-home channel is one of the few channels where push still works. It solves the challenge of providing that coveted sense of discovery for consumers and gives brands a place at the table inside their homes. Leveraging our tangible difference in a cluttered digital age, while matching and exceeding digital's data attribution, gives publishers a strong advertising vehicle to both showcase and measure the impact of their creative content.

PMP leads this emerging movement and will continue to drive these market trends.

OVERVIEW

PRINT GROUP AUSTRALIA

- PMP PRINT
- BOLTON PRINT
- INPACK
- GRIFFIN PRESS

$M	FY18	FY17	Var $	Var %
Net Sales Revenue[1]	440.6	309.5	131.1	42.4
EBITDA[2]	24.3	16.9	7.4	43.6

DISTRIBUTION AUSTRALIA

- PMP DISTRIBUTION

$M	FY18	FY17	Var $	Var %
Net Sales Revenue[1]	85.8	86.8	(1.1)	(1.2)
EBITDA[2]	2.9	3.0	(0.1)	(3.2)

MARKETING SERVICES AUSTRALIA

- PMP DIGITAL
- SBM
- PEP CENTRAL
- TRACTION DIGITAL
- SPECTRUM GROUP
- GORDON & GOTCH (AUSTRALIA)

$M	FY18	FY17	Var $	Var %
Net Sales Revenue[1]	87.5	76.7	10.8	14.0
EBITDA[2]	6.3	3.6	2.7	75.4

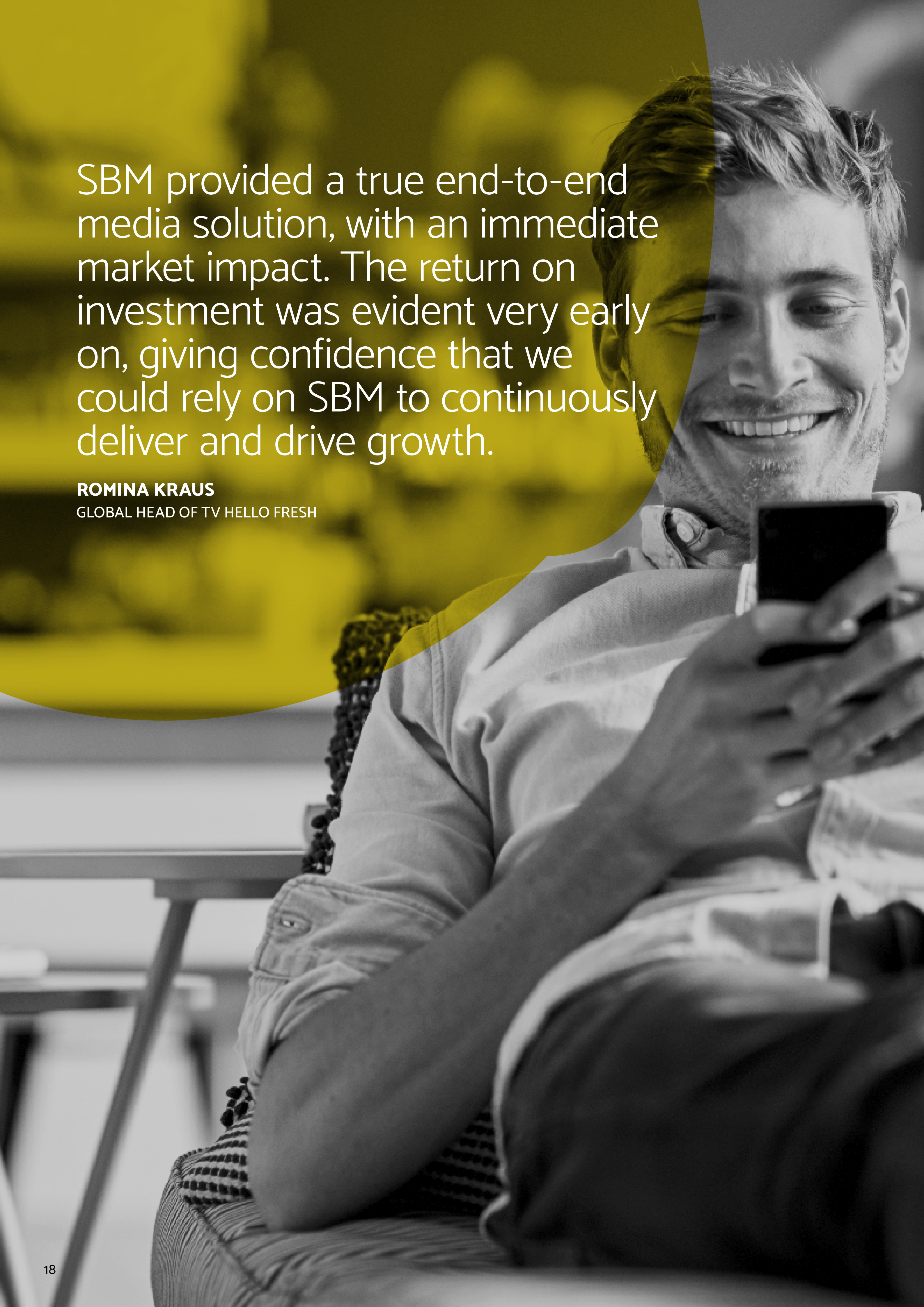
PMP NEW ZEALAND

- PMP PRINT
- PMP MAXUM
- PMP DISTRIBUTION
- GORDON & GOTCH

$M	FY18	FY17	Var $	Var %
Net Sales Revenue[1]	120.1	128.8	(8.7)	(6.8)
EBITDA[2]	10.6	12.4	(1.8)	(14.7)

1 Restated due to PMP early adopting AASB 15, resulting in a restatement of revenue and expenses and no impact on EBITDA.

2 Before significant items.



SBM provided a true end-to-end media solution, with an immediate market impact. The return on investment was evident very early on, giving confidence that we could rely on SBM to continuously deliver and drive growth.

ROMINA KRAUS
GLOBAL HEAD OF TV HELLO FRESH

OUR CUSTOMERS HAVE RESPONDED POSITIVELY TO THE NEWS OF OUR INVESTMENTS

INVESTING FOR SUSTAINABLE PERFORMANCE

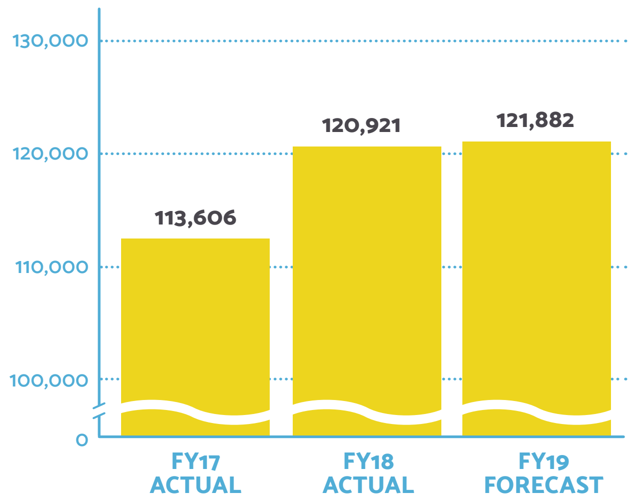
To ensure we maintain a cost competitive operational infrastructure, we are investing in a new 80-page Manroland press which will be installed in the second half of calendar 2019 at Warwick Farm, allowing for the phased retirement of older inefficient presses.

The new press provides cost efficiencies through reductions in labour, energy, and repairs and maintenance. Replacing older presses allows for a net reduction in our overall fleet capacity (circa 10-15%). The new press has a cost of approximately $20M and is largely financed through export credit funding with a four-year payback expected.

This investment is crucial to ensuring a supply-demand equilibrium is maintained.

Our customers have responded positively to the news of our investments and the value it unlocks for them. They see this as further proof that our strategy truly puts them at the centre of our thinking as we go forward.

VOLUMES (TONNES) ACROSS EXISTING TOP 20 RETAIL CUSTOMERS



- Both print volumes and revenue from our top 20 retail customers have increased from FY17 to FY18, and we are expecting further volume growth in FY19.
- We deliver to 6.7 million Australian households every week. Large retailers are committed to catalogues as a key driver of retail performance and is a strong endorsement of the role our channel plays.

THE EVOLVING PMP

SET TO DELIVER SUSTAINABLE PERFORMANCE

Our business offers Australia's retail marketers the most experienced and capable solution for distributed print. Our teams work with our customers to understand their audience and how we can most effectively target them. Our merger with IPMG extended our capabilities into new forms of marketing. Our focus is bringing the value that these new teams and businesses offer and expanding the value catalogues offer to retailers in critical moments that matter. This strategy of bringing the strength of our core catalogue product and extending our impact with new technology represents the future of our company and the growth of our industry.

	NSW	VIC	TAS	SA	QLD	WA	NT	NZ
WEB PRESSES	●	●		●	●	●		●
DIGITAL PRESSES				●				●
SHEETFED PRESSES	●			●	●			●
BINDERY	●	●		●	●	●		●
MAILHOUSE	●	●			●			●
DISTRIBUTION	●	●	●	●	●	●	●	●

● - Current operations

PROVIDING AN EFFECTIVE MARKETING PARTNERSHIP

MARKETING SERVICES

PMP's award winning businesses 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.

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.

SPECTRUM GROUP

An integrated communications agency focusing on PR, content, digital and social.

SUMMARY AND CONCLUSION

Summing up I'd like to thank everyone for their patience and hard work since the merger with IPMG as we set our business up for a sustainable and prosperous future.

We have successfully completed the physical integration of the businesses and have a clear strategy to evolve focused around our key retail and publisher customers, operational efficiency and investment in measuring the impact of the products we produce and deliver. We are enhancing our value-add marketing services while building new capabilities inside our business and partnering with data providers so we can speed the delivery of further value to our customers.

Our newly restructured entity and internal culture firmly puts the customer at the centre of everything we do. We are focused on providing them with maximum impact. We are in lockstep with retailers and publishers who understand that catalogues, magalogues and custom publishing ventures are key to direct-to-home modelling that turns audiences into customers.

Our customers want to better understand the impact of print. We are very proud and excited to lead the industry in defining and demonstrating the value of our channel in ways that matter to retail marketers.

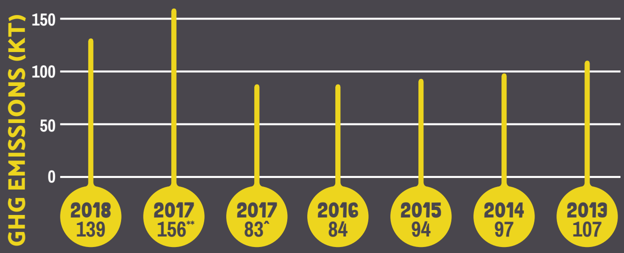
This is a turning point for the print sector and we are optimistic about the future prospects.

Kevin Slaven
Chief Executive Officer
and Managing Director

OVERVIEW

GREENHOUSE GAS (GHG) EMISSIONS

PMP Print's comparable year-on-year Greenhouse Gas (GHG) emissions reduced in FY18. PMP will continue to pursue energy efficiency measures across all businesses to further reduce our overall emissions.



^IPMG businesses were not included in the comparison.
**Comparison includes IPMG businesses for a full year.

	FY18	FY17	Var %
Print Au	253.1	186.6	35.7
Print NZ	36.0	37.3	(3.5)
Print Tonnes*	289.1	223.8	29.1
Distribution Au	2,146.0	2,129.2	0.8
Distribution NZ	638.6	625.8	2.0
Distribution Units#	2,784.6	2,755.1	1.1
Gordon & Gotch Au	190.0	212.6	(10.6)
Gordon & Gotch NZ	36.2	40.5	(10.8)
Gordon & Gotch Copies#	226.1	253.1	(10.7)

*thousands #millions

OCCUPATIONAL HEALTH AND SAFETY

	FY17/18	FY16/17
TRIFR*	14.23	24.13

*Total Recordable Injury Frequency Rate

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 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

PROTECTING OUR GREATEST ASSETS

Our workers are our family. Their health and safety are a key value to management for driving high performance throughout the organisation.

Following our first full year of operation since the merger with IPMG we are pleased to have consolidated two safety management systems. These systems form the foundation of our strategy to create an enduring culture of health and safety focused on continuous improvement, best practice procedures, and proactive risk identification and management. These measures ensure that our teams are fit and well at work and home so they can perform at their peak capacity.

We track our improvement progress through the TRIFR (total recordable injury frequency rate) model, which is calculated based on the number of recordable injuries for every million hours worked.

In FY17/18 we saw a significant improvement from an adjusted TRIFR resulting in a 41.0% reduction, which in real terms reflects 30 less workers injured than the previous year either through lost time, medical treatment or restricted duties. While this is a significant improvement, there is more work to be done.

Our improvement in safety performance has been achieved through engaging and aligning all sites on one plan with a simple focus on eliminating repeat incidents through shared learning, high quality investigation and corrective actions implemented.

We have also transitioned all sites across Australia and New Zealand to AS4801 for safety management systems as we progressively standardise our ways of working.

Finally, we have met all obligations to address an Enforceable Undertaking ("EU") originating at our Lidcombe site. Additionally, we have taken the learnings from this EU event and implemented consistent corrective actions and opportunities for improvement across the PMP Limited Group.

Through visible leadership, a capable and engaged workforce, and a suite of leading performance indicators, we have an industry leading governance structure that steers accountability towards our stated goal of zero injuries.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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 2018 and the Auditor's report thereon. Throughout the report, the consolidated entity is referred to as the Group.

MATTHEW BICKFORD-SMITH

CHAIR

APPOINTED 2 JUNE 2009

Mr Bickford-Smith has been an independent Non-Executive Director of PMP since 2009 and has been Chair 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 is Chair of that Committee.

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.

KEVIN SLAVEN

BCom, CA, GAICD

MD AND CEO

APPOINTED 27 FEBRUARY 2018

The Board of PMP appointed Mr Slaven as MD and CEO on 27 February 2018. Prior to this he acted as interim CEO of PMP following the retirement of Mr George on 30 November 2017. Mr Slaven joined PMP in March 2017 as CEO of Distribution and Marketing Services following the merger with IPMG Group.

A graduate member of the Australian Institute of Company Directors and Institute of Chartered Accountants, he was appointed CEO of IPMG in July 2013 after originally joining the business in 2000 as Chief Financial Officer ("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.

Mr Slaven has extensive experience in manufacturing, publishing, marketing, business development and strategic planning. He is experienced in managing people and businesses through significant change. He is currently Chair of the Australasian Catalogue Association.

DHUN KARAI

B Comm, MBA, CA ANZ, MAICD

NON-EXECUTIVE DIRECTOR

APPOINTED 1 JUNE 2016

Ms Karai has been an independent Non-Executive Director since 1 June 2016. Ms Karai has been a member of the Audit and Risk Management Committee since 1 June 2016 and Chair from 26 August 2016.

Ms Karai's experience spans over 20 years in senior executive roles in financial services, customer engagement, digital/new products development, internal 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 spearheading its banking services, digital partnerships, loyalty and data-driven marketing initiatives. 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 GI Technology Private Limited. Her executive committee memberships have included the Australian Payments Council, the National Financial Literacy Program and the International Merchants Advisory Group (USA).

1. Directors

The Directors of PMP during the financial year were:

CHAIR
Matthew Bickford-Smith

MANAGING DIRECTOR ("MD") and CHIEF EXECUTIVE OFFICER ("CEO")
Kevin Slaven (appointed 27 February 2018)
Peter George (retired 30 November 2017)

NON-EXECUTIVE DIRECTORS
Dhun Karai
Michael Hannan
Wai Tang (appointed 10 October 2017)
Terry Sinclair (appointed 10 October 2017)
Stephen Anstice (retired 1 May 2018)
Anthony Cheong (retired 30 September 2017)

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 Chairship, 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, rural and property portfolios together with other key investments.

WAI TANG

BAppSc, MBA, GAICD

NON-EXECUTIVE DIRECTOR
APPOINTED 10 OCTOBER 2017

Ms Tang joined the Board of PMP as an independent Non-Executive Director on 10 October 2017. Ms Tang has been a member of the Appointments and Compensation Committee since 1 December 2017. Ms Tang has extensive retail industry experience and knowledge gained through senior executive and board roles. Her former senior executive roles included Operations Director for Just Group and Chief Executive Officer of the Just Group sleepwear business, Peter Alexander. Prior to joining the Just Group, Ms Tang was General Manager of Business Development for Pacific Brands. Ms Tang was also co-founder of the Happy Lab retail confectionary concept.

Ms Tang is Non-Executive Director of Vicinity Limited and JB Hi-Fi Limited. Ms Tang is a member of the visit Victoria Board and is Deputy Chair of the Melbourne Festival. Her former directorships include Specialty Fashion Group, kikki.K Pty Limited and the Melbourne Fashion Festival. She holds a Master of Business Administration and a Bachelor of Science degree.

TERRY SINCLAIR

MBA, GradDipMgmt, MAICD

NON-EXECUTIVE DIRECTOR
APPOINTED 10 OCTOBER 2017

Mr Sinclair joined the Board of PMP as an independent Non-Executive Director on 10 October 2017. Mr Sinclair has been a member of the Audit and Risk Management Committee since 1 December 2017. Mr Sinclair has extensive experience across industrial, resources and consumer services sectors including 20 years in senior management roles in BHP (Minerals, Steel and Transport/Logistics) and 10 years with Australia Post (Logistics and Corporate Development). He was previously the Managing Director of Service Stream Limited, Chair of AUX Investments (jointly owned by Qantas and Australia Post), Director of Sai Cheng Logistics (China) and Director of Asia Pacific Alliance (HK).

Mr Sinclair is Non-Executive Director of Cleanaway Waste Management Limited and NetGet Holdings Limited. He is also a member of various advisory boards for private equity ventures in e-commerce and technology/infrastructure. He holds a Master of Business Administration, a Graduate Diploma in Management and tertiary qualifications in Mining, including surveying.

STEPHEN ANSTICE

BA (Economics), Grad Dip (SIA)

NON-EXECUTIVE DIRECTOR

APPOINTED 1 MARCH 2017

RETIRED 1 MAY 2018

Mr Anstice joined the PMP Board on 1 March 2017, following the merger of IPMG Group with PMP. Mr Anstice had 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 was the Chair of CSG Limited and a Non-Executive Director of Audant Investments Pty Limited. Mr Anstice has a Bachelor of Arts (Economics) from Macquarie University and a graduate diploma from the Securities Institute of Australia.

ANTHONY CHEONG

FCA (Singapore)

NON-EXECUTIVE DIRECTOR

APPOINTED 4 MARCH 2014

RETIRED 30 SEPTEMBER 2017

Mr Cheong had 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 was the Company Secretary for Fraser and Neave Limited, the holding Company for the Fraser and Neave Group and held 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.

PETER GEORGE

B Comm, LLB

MD AND CEO

APPOINTED 22 OCTOBER 2012

RETIRED 30 NOVEMBER 2017

Mr George was first appointed to the Board in 2001 and held Board or management positions since. He was 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 Chair of Nylex Limited from 2006 to 2008. Mr George is an experienced Executive and Non-Executive Director with an extensive background in telecommunications, media and corporate finance including four years on the Board of Australia's second largest telecommunications carrier, Optus Communications.

2. Directors' and Executives' Disclosures

The disclosures required for Director shareholdings 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 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 <b>	K Slaven <g>	S Anstice <c>	A Cheong <d>	M Hannan	D Karai	T Sinclair <e>	W Tang <f>
Board of Directors	Attended	17	5	6	11	1	16	16	15	14
	Maximum possible attended	17	6	6	12	1	16	17	15	15
Audit & Risk Management	Attended	5	<a>	<a>	4	2	<a>	5	3	<a>
	Maximum possible attended	5	<a>	<a>	4	2	<a>	5	3	<a>
Appointment & Compensation	Attended	2	<a>	<a>	<a>	<a>	2	<a>	<a>	1
	Maximum possible attended	2	<a>	<a>	<a>	<a>	2	<a>	<a>	1

Table 1. Directors' Meetings.

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

<b> Mr George retired on 30/11/17.

<c> Mr Anstice retired on 01/05/18.

<d> Mr Cheong retired on 30/09/17.

<e> Mr Sinclair appointed to the Board of Directors on 10/10/17. Appointed as a member of the Audit & Risk Management Committee on 01/12/17.

<f> Ms Tang appointed to the Board on 10/10/17. Appointed as a member of the Appointments & Compensation Committee on 01/12/17.

<g> Mr Slaven appointed to the Board of Directors on 27/02/2018.

5. Corporate Governance Statement

PMP believes that high standards of corporate governance practices through effective oversight, risk management and transparency 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. PMP has followed the recommendations other than: following the resignation of Ms Sparks on 30 June 2017, the Board and the Appointments and Compensations Committee did not comprise of a majority of independent Directors until the appointment of Mr Sinclair and Ms Tang on 10 October 2017; the Audit and Risk Management Committee did not comprise of a majority of independent Directors until Mr Cheong resigned on 30 September 2017; and that while the PMP and IPMG businesses were being integrated measurable objectives for achieving gender diversity were not set.

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"
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.	1 "Directors" 4 "Directors' Meetings" 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" "Board Skills"
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"

	Recommendation	Section Reference
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 "Chair"
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.	1 "Directors" 4 "Directors' Meetings" 5.2 "Audit and Risk Management Committee"
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	5.3 "Management Representation"
4.3	A listed entity that has an Annual General Meeting ("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.	1 "Directors" 4 "Directors' Meetings" 5.2 "Audit and Risk Management Committee"

Recommendation		Section Reference
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.	1 "Directors" 4 "Directors' Meetings" 5.2 "Audit and Risk Management Committee"
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 "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.	5.5 "Trading in PMP Shares"

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 current Board comprises six Directors, being: the Non-Executive Chair, the MD / CEO and four other Non-Executive Directors.

The roles of Chair and MD 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 MD.

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 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 MD, 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.

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

When reviewing the composition of the Board and making recommendations to the Board regarding the appointment of Directors, the Appointments and Compensation Committee aims to ensure that the Board continues to include Directors with an appropriate balance of skills, experience, expertise and diversity to efficiently and effectively discharge its responsibilities and govern the Company.

Collectively, the Board has a diverse range of skills and experience relevant and adequate for the efficient and effective management of the business. Board members, including some who are also Directors of other ASX-listed companies, together have a combination of experience in the following areas:

- Manufacturing including printing, publishing and logistics;
- Retail & FMCG (business operations, branding and marketing);
- Digital and Data Analytics;
- Corporate strategy;
- Business transformation;
- Finance;
- Mergers and acquisitions;
- Risk management; and
- Health, safety and environment.

Biographies of current Directors, including details of their qualifications and independent status, are set out in Section 1.

The Board considers its current membership represents an appropriate mix of skills, experience, expertise and qualifications to enable the Board to effectively advise and set the Company's strategic direction and govern on behalf of shareholders.

DIRECTOR RETIREMENT AND RE-ELECTION

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

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 Chair continuously reviews and discusses with the Directors his 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 judgement.

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. With the exception of Mr Hannan, who is a substantial shareholder of the Company, the other Non-Executive Directors are considered to be independent.

CONFLICTS OF INTEREST

Directors are required to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. A Director who has an actual or potential conflict of interest or a material personal interest in a matter is required to declare that potential or actual conflict of interest to the Board. If the Board determines that there is a material conflict of interest, the Board may require the relevant Director to:

- not receive the relevant papers;
- not be present at the meeting while the matter is considered; and
- not participate in any decision on the matter.

The Board may resolve to permit a Director to have an involvement in a matter involving a potential or actual conflict of interest. In such instances, the Board will minute full details of the basis of the determination and the nature of the conflict, including a formal resolution concerning the matter.

CHAIR

The Chair of the Board, Mr Matthew Bickford-Smith, is an independent Non-Executive Director. The Chair is responsible for leadership and effective performance of the Board and the maintenance of productive relations between the Directors and the management team. The Chair'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 pre-appointment 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 key terms and conditions of their appointment, including duties, rights and responsibilities and the matters recommended in the ASX 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 Chair. 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 Chair 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 Chair, 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 2018 financial year and attendance at those meetings are set out on page 26 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.

All Directors are entitled to attend meetings of the Committees where there is no conflict of interest. Papers considered by the Committees, and minutes of each Committee meeting, are provided to all Directors. The proceedings of each Committee meeting are reported at the next Board meeting by the relevant Committee Chair (if all Directors have not been present at the meeting).

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

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 Chair must be an independent Non-Executive Director who is not the Chair of the Board.

The Committee's members and their record of attendance in the last financial year are set out in Section 4.

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 have direct and unlimited access to the Audit and Risk Management Committee.

APPOINTMENTS AND COMPENSATION COMMITTEE

Composition

The charter provides that the Committee shall consist of a minimum of two independent Directors. Where the Committee consists of more than two members, the majority must be independent Directors.

The Committee's members and their record of attendance in the last financial year are set out in Section 4.

Responsibilities

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

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

In relation to appointments, the Committee: reviews Director competence standards and Board succession plans; and evaluates the Board's performance and makes recommendations for appointing or removing Directors.

In relation to compensation, the Committee makes recommendations to the Board on: executive remuneration and incentive policies; senior management remuneration packages; recruitment, retention and termination policies for senior management; incentive schemes; superannuation arrangements; and the remuneration framework for Directors.

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

The CEO has the authority to employ and remunerate executives within the scope of the policy established by the Committee. In carrying out its duties, the Committee is committed to providing sound remuneration policies and practices that enable PMP to: attract and retain high quality executives and Directors who are dedicated to the interests of PMP shareholders; and fairly and responsibly reward executives, while taking into account the interests of shareholders, the Company's performance, 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 recognises that shareholder value is driven by taking considered risks, and that effective risk management is a fundamental driver to achievement of its strategic, operational and compliance objectives, and to the Board meeting its corporate governance responsibilities.

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.

APPROACH TO RISK MANAGEMENT

The Board has adopted a Risk Management Policy that sets out PMP's objectives for risk management and the responsibilities of all PMP staff in relation to management of risk.

The Policy is supplemented by a Risk Management Framework, which provides a consistent and systematic process to identify, evaluate, mitigate, monitor and report material risks throughout PMP. The Framework is aligned with Risk Management Standard ISO: 31000 and Principle 7 of the ASX Principles.

The Risk Management Framework is periodically reviewed by the Audit and Risk Management Committee to provide assurance as to its adequacy and effectiveness, with the last review being undertaken in June 2018.

RISK MANAGEMENT FRAMEWORK

The CEO meets at least quarterly with the CFO and senior business managers to oversee the implementation and effective operation of the systems of risk management and internal controls, and to review the existing and emerging material strategic, operational and compliance risks. Further assessment and identification of risks is performed during the annual strategic planning cycle, and the quarterly forecasting cycle.

Management is responsible for completing, on a six-monthly basis, the internal control questionnaire supporting the Section 295A Corporations Act compliance statements, and also attends Audit and Risk Management Committee meetings as required, to assist the Committee in its oversight of risk.

In addition to the Risk Management Framework, PMP's approach to risk management also incorporates input and mitigating controls from a range of existing systems, programs and policies including:

- A comprehensive health, safety and environment programme;
- 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
- Detailed policies and internal controls over management of financial reporting, management accounting and maintenance of financial records.

MATERIAL ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

PMP believes there are a number of inherent material Economic, Environmental and Social Sustainability Risks, both specific to the industry in which it operates, and of a general nature, which may impact its ability to achieve its business strategies and objectives.

The identification of these risks is provided to assist stakeholders to understand the nature of risks faced by PMP, and the broad approach PMP takes to mitigate these risks. The risks are not listed in order of significance, and it is not an exhaustive list.

Economic Conditions

PMP's business segments are primarily in premedia, printing and distribution of publications including catalogues, magazines, and books. There is a risk that PMP's product demand and pricing could be subject to adverse impact from:

- Reductions in demand volume and the effect of consumer confidence on retail marketing;
- Pagination reductions and title closures by magazine and newspaper publishers;
- Competitive market pricing pressure; and
- Migration of advertising, entertainment and information media from print to digital platforms.

To the extent possible, PMP mitigates these risks by considering its future expectations of these economic conditions, in its strategic, operational and financial plans, and by planning contingency actions.

Operations and Service Continuity

There is a risk of:

- Lack of continuity of supply of utilities, raw material inputs and distribution services;
- Industrial action;
- Loss of, or material damage to, an operating site; and
- Increased cost of supply of utilities, raw material inputs and distribution services not being promptly passed on to customers.

These risks could result in unanticipated circumstances causing inability to meet customer commitments, or significant increase in the cost of doing business, which could adversely impact upon PMP's achievement of its financial performance objectives.

PMP mitigates these risks through:

- Management of raw material purchase lead times and safety stock levels and hedging of purchase cost;
- Endeavouring to promptly pass on material input price increases to customers;
- Ability to reschedule work across multi-site operations;
- Business interruption and asset insurance programmes in place; and
- Effective workplace industrial relations.

Health and Safety

There is a risk of a major health and safety incident which could result in a serious injury or fatality at a PMP workplace. PMP mitigates this risk by implementing training, policies, procedures and systems to comply with health and safety requirements, which are supported by the Board-approved Group Safety Plan.

Financial Management

PMP is exposed to credit risk, and adverse movements in foreign currency exchange rates and interest rates. This could adversely impact PMP's ability to achieve its financial performance objectives and reduce its ability to access financing facilities. Information on how PMP mitigates these risks is included in the Notes to the Financial Statements in the Financial Report section of the Annual Report.

Regulatory and Legislative Requirements

There is a risk of a major change to, or a major breach of, existing regulations or legislation, which could impact PMP's ability to continue its current business operations or achieve its financial performance objectives. To the extent possible, PMP mitigates these risks by implementing policies, procedures and systems to comply with regulatory requirements, and by planning contingency actions.

Technology and Cyber Security

There is a risk of outage, disruption, or security breach of IT systems. This could result in significant business disruption or a loss of confidential business data. PMP mitigates this risk through IT security and infrastructure solutions. This is supported by IT policies and procedures governing security and usage of IT systems.

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 Audit function provides independent assurance of management's control over the adequacy and effectiveness of the governance, risk management and internal control frameworks of PMP. The internal audits are undertaken by PMP's in-house internal audit function, supplemented by services provided by external consultants where specialist technical expertise is considered necessary.

Internal Audit conducts a series of risk-based internal audits based on a rolling assurance activity plan which is aligned to the risks identified in PMP's risk register and is agreed with management.

To ensure the independence of Internal Audit, the Audit and Risk Management Committee review and endorse the planned internal audit and assurance activities, and the results of all internal audit and assurance activities are summarily reported to the Audit and Risk Management Committee on a regular basis.

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 Chair at the AGM provides reasonable time for shareholders to ask questions or make comments about the management of the Company. The Company's external auditor attends the AGM.

At any other times, shareholders can email their questions or contact the CFO if they have any questions about the Company.

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

PMP recognises that its reputation is an essential element to its continued success and that its reputation is directly attributable to the ethical behaviour of those who represent it. PMP has developed a Code of Conduct which sets out certain basic principles that all Directors, employees, contractors and consultants are expected to follow in all dealings related to PMP, to ensure that PMP's business is conducted in accordance with the laws and regulations of all areas in which it operates.

The Code of Conduct is fully endorsed by the Board and is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in PMP's integrity.

Any breach of the Code of Conduct is considered a serious matter which may result in disciplinary action, including termination of employment. 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.

A copy of the Code is available online at pmplimited.com.au/investor/

Supporting the Company's Code of Conduct are the Whistleblower Policy, and Probity Policy Guidelines, which further set out the Company's commitment to high standards of conduct and ethical behaviour in all areas of business activity.

WHISTLEBLOWER POLICY

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

PMP's Securities Trading Policy reinforces the Corporations Act 2001 restrictions in relation to insider trading and prohibits Directors, Executives and other employees from dealing in PMP securities at any time if that person is in possession of price sensitive information that has not been made publicly available.

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. They also may not trade in PMP shares during specific black-out periods. The black-out periods are:

- the period from 1 January through to the day half-year results are announced (including the day half-year results are announced);
- the period from 1 July through to the day full year results are announced (including the day full year results are announced); and
- 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.

Directors, Executives and other employees are prohibited from engaging in short-term or speculative trading in PMP securities and trading in derivatives in respect of PMP securities, including performance rights issued under PMP incentives schemes. This includes entering into any hedging arrangements or acquiring financial products (such as equity swaps, caps and collars or other hedging products) over unvested performance rights which have the effect of reducing or limiting exposure to risks associated with the market value of PMP securities. The Policy also applies to parties related to the Directors, Executives and employees of the Company.

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 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.

The Company produced its public report to the Workplace Gender Equality Agency for the reporting period, 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.

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

Board of Directors	33%
PMP Executive Management *	17%
PMP Group Employees	24%

* These are the senior executives included in the CEO's executive management team.

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 2018 was a $43.8 million loss (2017: $126.4 million loss).

6.4 Dividends

No dividends were declared or paid during the year ended 30 June 2018. Dividends paid to members during the 30 June 2017 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

6.5 Review of Operations

For a full report on operations for the 2018 financial year, see the CEO's Review on pages 14-21 of this Annual Report.

In summary, sales at $734.0 million were up $132.1 million or 21.9% on higher sales at both Print Group Australia and Marketing Services Australia. EBITDA (before significant items) for the 2018 financial year at $40.6 million was up $8.4 million or 26.0% compared to $32.2 million in the prior period as higher profits at Print Group Australia and Marketing Services Australia offset a lower outcome at PMP New Zealand.

Sales at Print Group Australia at $440.6 million were up by $131.1 million or 42.4% as an additional 8 months of IPMG Print sales offset lower volumes from existing customers e.g. newspapers and magazine customers as flagged in the February 2018 trading update. EBITDA (before significant items) at $24.3 million was up $7.4 million as higher volumes from IPMG print due to extra months trading and post merger savings was mostly offset by lost contracts, lower sell prices, lower volumes from existing customers, higher input costs (e.g. power) and higher direct labour costs. Griffin Press was impacted by lower volumes after customer losses which more than offset operational efficiencies and EBITDA (before significant items) was $0.7 million lower than last year.

Marketing Services Australia including Gordon & Gotch had sales of $87.5 million up $10.8 million or 14.0% with an additional 8 months of Marketing Services sales offsetting volume reductions at Gordon & Gotch where revenues fell $3.0 million or 5.0% year on year and volumes were 10.6% lower on the previous corresponding period ("pcp") as volumes dropped and titles closed. EBITDA (before significant items) at $6.3 million was $2.7 million higher due to $1.5 million higher profit at Marketing Services from the extra 8 months trading and $0.6 million lower costs at PMP Digital. Gordon & Gotch's EBITDA (before significant items) at $3.2 million was up 20.6% or $0.5 million pcp as favourable price/mix and lower operational costs offset the impact of lower volumes.

PMP New Zealand revenues at $120.1 million were down $8.7 million or 6.8% (or 4.4% in local currency) due to lower heatset and sheetfed print revenues and sell prices. EBITDA (before significant items) at $10.6 million was down $1.8 million (and down $1.6 million in local currency). Gordon & Gotch was up $0.9 million as improved operational efficiencies and favourable price/mix offset lower volumes. Heatset EBITDA (before significant items) was down $2.0 million year on year as lower sell prices from recent contract renewals offset tight cost controls and lower input costs. Sheetfed sales were down 5.9% and Distribution EBITDA (before significant items) was $0.3 million lower pcp.

Distribution Australia had sales of $85.8 million down $1.1 million or 1.2% as higher volumes was offset by lower sell price/mix. Unaddressed volumes were up 1.3% in FY18. From an industry perspective, 6.7 billion catalogues were delivered in the last 12 months vs. 6.9 billion last year down 2.3%. Distribution Australia EBITDA (before significant items) at $2.9 million was $0.1 million or 3.2% lower pcp as operational and administrative savings and higher unaddressed and newspaper volumes up 0.8% were offset by unfavourable price/mix.

FY18 was difficult year for the company with trading updates issued in November 2017 and February 2018 as post merger the company experienced a higher operational cost base in the heatset business to accommodate larger than expected volumes of short format work and lower than forecast sell prices. A phase 2 cost out plan was formulated and implemented to improve profitability. The business was also impacted by lower than expected volumes in the newspaper and magazine sectors.

A net loss after tax of $43.8 million was recorded for the 2018 financial year which was $82.6 million lower than the $126.4 million loss in the 2017 financial year due to an $8.4 million rise in EBITDA (before significant items) and a $103.3 million reduction in significant items before tax. Income tax expense was $6.3 million mainly due to the reversal of DTA timing differences booked in fiscal 2017 (relating to onerous leases, redundancy provisions, asset impairments and disposals).

Net cash flow[1] at negative $12.6 million was up $1.9 million compared to the 2017 financial year as higher EBITDA (before significant items) and lower cash significant items were offset by working capital movements, higher capital expenditure and interest paid. Working capital movement was $4.9 million negative as $10.2 million of onerous leases, make good and redundancy provisions from June 2017 were paid out while trade working capital was better by $5.3 million.

The company had $54.4 million of cash at bank and $87.2 million of borrowings at 30 June 2018 resulting in a net debt position of $32.8 million[2]. The Company's net debt to EBITDA (before significant items) of 0.8x has increased from 0.6x in the prior year and interest cover of 6.0x from 6.3x.

1 Net cash flow = cash flow from operations and investing cash flows

2 Net debt includes cross currency swap gain of $2.4 million and excludes prepaid finance costs $0.9 million

6.6 Significant Changes in the state of affairs

On 1 December 2017, Mr Slaven was appointed interim CEO of PMP Limited, following the retirement of Mr George. On 27 February 2018, Mr Slaven was confirmed as CEO and appointed Managing Director of PMP Limited.

A Strategic Review Program commenced during the second half of the 2018 financial year to address volume reductions and the fixed cost base in the print business. The program will establish a framework to determine the strategic direction of PMP for the future.

6.7 Risks, likely developments and future prospects

PMP's business segments are primarily in printing and distribution of publications including catalogues, magazines, and books and marketing services including premedia.

PMP's long term profitability and cash flows are subjected 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 the Material Economic, Environmental and Social Sustainability Risks on page 32, PMP believes there are a number of inherent material risks, both specific to the industry in which it operates, and of a general nature, which may impact its ability to achieve its business strategies and objectives.

These include fluctuations in demand volume, timing and extent of title closures and pagination reductions by publishers, competitive market pricing pressure, migration of media from print to digital platforms, 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 print industry has been progressively shrinking for a number of years but with the rationalisation undertaken heatset prices should become more stable. The Company will continue to leverage the core values of our print business and connect audiences; becoming a platform for marketing.

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 29 August 2017, PMP issued 699,204 fully paid ordinary shares to those eligible executives who had exercised the right to convert their 1 October 2014 performance rights into ordinary shares pursuant to the PMP Long Term Incentive Plan.

On retirement of Mr George, the former CEO and MD, an early vesting event occurred and 1,456,650 TSR performance rights vested in accordance with the terms of the PMP Long Term Incentive Plan and his Employee Service Agreement. On 1 December 2017, PMP issued 1,456,650 fully paid ordinary shares to Mr George.

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 2018:

	Australia	New Zealand
Description of non-audit services <a>	**$**	**$**
Taxation and related advisory services	138,801	35,600
	138,801	35,600

<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 "Auditor's Independence Declaration" provided by the PMP Group external auditors, Deloitte Touche Tohmatsu. The Independent Auditor's Declaration has been attached to the Directors' Report on page 47.

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.

REMUNERATION REPORT

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, the 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 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 Total Recordable 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 31. The Board believes well designed and managed incentive plans that provide incentives over the short and long term are important elements of employee remuneration, providing tangible incentives for employees to strive to improve PMP's performance over both the short and long term, and thereby aligning their 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") and other accepted variable pay schemes; and
- Longer term based incentives through an 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.

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 ("STI")

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 the 2018 financial year as the EBIT hurdle was not achieved. EBIT (before significant items) of $9.4 million was significantly less than the EBIT hurdle of 90% of budgeted EBIT. During the year the safety targets for the Group of Lost Time Injury Frequency Rate ("LTIFR") and Significant Injury Frequency Rate ("SIFR") were replaced with reporting against a Total Recordable Injury Frequency Rate ("TRIFR"), with the TRIFR target being set at 14.88 for the year. To achieve this target the Company needed to achieve a 38% reduction on the TRIFR for the previous year of 24.13. The Company achieved this reduction with a TRIFR for the 2018 financial year of 14.23. The personal objectives were generally achieved but as the EBIT hurdle was not achieved no payments were made against these personal objectives.

LONG TERM INCENTIVES ("LTI")

Following on from the merger of IPMG and PMP, and with valued input from shareholders, the Appointments and Compensation Committee is taking the opportunity to review the structure of the Company's LTIs with the intention of better aligning executive LTI incentives with Group strategy and with the interests of shareholders.

The existing LTI Plan has traditionally aligned over a three year time frame executive incentives with the creation of shareholder wealth. LTIs have applied to the CEO and to executive managers with the greatest authority and most strategic influence over PMP's direction, profitability and growth. Under the LTI Plan, participants were granted performance rights, which entitled 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 were granted annually (following the announcement of the Group's financial results) to each eligible participant to the value of between 15% and 50% of that executive manager's fixed remuneration.

The number of rights granted was based on the Company's weighted average share price for the one week period up to and including the grant date. These rights only vested if the Group achieved the long-term performance conditions detailed in Table 2.

No rights were granted during FY18 and it is envisioned that no further performance rights will be granted under the LTI Plan.

As part of the merger agreement with IPMG, PMP Limited contractually assumed the existing LTI contractual commitment for IPMG's CEO Mr Slaven. The LTI provided for the payment of up to a maximum of $2.5 million upon achievement of specified targets measured over a four year period from 1 July 2014 with any final payment due following the finalisation of the FY18 financial accounts.

The primary target was the achievement of $91 million of cumulative operating cash flow* over the four years from 1 July 2014 to 30 June 2018. The LTI provided for a pro rata payment where there was at least 90% achievement of the primary target.

The cumulative operating cash flow target was reset following completion of the merger with IPMG. For FY17 the target was reset to only reflect the operating results of IPMG up to the completion of the merger on 1 March 2017 and for FY18 the target was reset to reflect the PMP budgeted operating cash flow. This provided for a revised target of $108.9 million.

This target was assessed following the finalisation of the FY18 financial accounts. As a result, $99.1 million (91%) of the target was achieved. It should be noted that this target was achieved by IPMG substantially exceeding its forecast operating cash flows during the first three years of the LTI term.

The LTI was funded by $1.6 million being provided for at the time of the merger. As part of the completion accounting, IPMG further contributed $1.3 million as cash towards the IPMG CEO's LTI as a working capital adjustment to fund the payment of the accrual.

The Appointments and Compensation Committee have assessed Mr Slaven's performance against the existing IPMG LTI commitment and have made an award of $2 million against a maximum payment of $2.5 million.

* Operating profit before tax plus depreciation and amortisation less stay in business capital expenditure.

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 2014

As at 28 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 were tested. 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 699,204 TSR rights vested and 699,204 shares were issued on 29 August 2017.

The Company's performance relative to the Earnings Before Interest, Tax, Depreciation and Amortisation ("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 (before significant items) was increased to $186.5 million to take into account the budgeted additional earnings that were forecast to be included in 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 $141.5 million, which was below the 80% threshold of $149.2 million. This resulted in no performance rights subject to the EBITDA hurdle vesting.

Rights issued in 2015

On retirement of Mr George, the former CEO and MD, an early vesting event occurred and the 1,500,000 TSR rights and 1,500,000 EBITDA rights issued to him on 1 October 2015 were tested in accordance with the terms of the PMP Long Term Incentive Plan and his Employee Service Agreement. The company's performance at the date of retirement relative to the TSR hurdle was such that the company achieved a 73.61 percentile performance rank against the peer group and 97.11% of the TSR rights vested. PMP issued 1,456,650 fully paid ordinary shares to Mr George on 1 December 2017. The Company's performance relative to the EBITDA hurdle was such that the Company did not achieve 80% of the target over the performance period. This resulted in no performance rights subject to the EBITDA hurdle vesting.

As at 30 August 2018, following the announcement of the result to 30 June 2018 to the ASX, the performance rights issued in October 2015 to the eligible executives under the PMP Long Term Incentive Plan were tested. The Company's performance relative to the TSR hurdle was such that the Company did not outperform the 51st percentile when measured against the peer group and accordingly no TSR rights vested.

The Company's performance relative to the EBITDA hurdle 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 (before significant items) was increased to $186.5 million to take into account the budgeted additional earnings that were forecast to be included in PMP's financial results.

The Company made $124.0 million over the three years, which was below the 80% threshold of $149.2 million. This resulted in no performance rights subject to the EBITDA hurdle vesting.

LTIs - PERFORMANCE CONDITIONS

Table 2 summarises executive LTIs performance conditions and achievement assessment methods.

Performance rights: Issued 1 October 2014, Expiring 31 August 2019	
Rights	Rights - $237,729*. Executive Management Team ("EMT") and Senior Managers.
Performance Hurdles	The performance hurdles are: Total Shareholder Return ("TSR") and Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"). 50% of rights granted are to be subject to each hurdle. **Total Shareholder Return ("TSR")** PMP's TSR over the three year period comprising financial years 15, 16 and 17 was measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities (excluding entities in the metals, 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. **Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")** PMP's EBITDA over the three year period comprising financial years 15, 16 and 17 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 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 FY15, FY16 and FY17.
Vesting	50% vested on 28 August 2017.

Performance rights: Issued 1 October 2015, Expiring 31 August 2020	
Rights	Rights - $436,995*. CEO/MD, EMT and Senior Managers.
Performance Hurdles	The performance hurdles are: TSR and EBITDA. 50% of rights granted are to be subject to each hurdle. **TSR** PMP's TSR over the three year period comprising financial years 16, 17 and 18 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities (excluding entities in the metals, mining and materials indexes). If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest. **EBITDA** PMP's EBITDA over the three year period comprising financial years 16, 17 and 18 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 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 FY16, FY17 and FY18.
Vesting	49% of the former CEO and MD's 3,000,000 rights vested post retirement on 1 December 2017. 0% of the executive rights vested on 30 August 2018.

Table 2. LTI Performance Hurdles and Assessment Methods.

* Calculated in accordance with *AASB 2: Share-based payment.*

REMUNERATION REALISED BY THE EXECUTIVE DIRECTOR AND CONTINUING EXECUTIVES FOR THE YEAR ENDED 30 JUNE 2018

2018		Fixed Annual Remuneration <a>	Cash STI <b>	Cash LTI Awarded in FY18 <c>	Actual Reward during FY18	Previous Years Deferred Cash LTI Awarded during FY18 <c>	Total Remuneration Realised during FY18
		$	$	$	$	$	$
K Slaven <d>	MD and CEO	826,411	—	333,333	1,159,744	1,666,667	2,826,411
S Ellis <e>	MD - PMP (NZ) Limited	309,865	—	—	309,865	—	309,865
A O'Connor <f>	CEO Print and Distribution Australia	441,071	—	—	441,071	—	441,071
G Stephenson	CFO	475,000	—	—	475,000	—	475,000

Table 3. Remuneration realised by the Executive Director and continuing Executives for the year ended 30 June 2018.

The table discloses total remuneration realised during the 2018 financial year. This includes fixed annual remuneration, cash STI, cash LTI awarded in the 2018 financial year and previous years deferred cash LTI award vested during the 2018 financial year. This table supplements and is different to the statutory remuneration tables which present the expense for the LTI award in accordance with accounting standards.

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

<b> No STI payable for the 2018 financial year as the EBIT hurdle was not achieved.

<c> As part of the merger with IPMG the Company assumed the existing LTI contractual commitment of Mr Slaven. The LTI provides for payment of up to $2.5 million upon achievement of specified targets. A final payment of $2 million was awarded after finalisation of the 2018 financial year results. $333,333 was accrued in the 2018 financial year. $500,000 was forfeited. Further details of Mr Slaven's scheme is disclosed under LTI in Section 7.3.

<d> Appointed interim CEO of PMP Limited on 01/12/17 and MD and CEO on 27/02/18. He was the CEO of Distribution and Marketing Services from 01/07/17 to 30/11/17. Remuneration is for the 12 month period to 30/06/18. Annual base salary including superannuation is $800,000. During the financial year he received a back payment for wages that were underpaid during the period September 2016 to June 2017 of $26,411.

<e> New Zealand dollar payment converted into Australian dollars at the average profit and loss exchange rate prevailing during 2018 and 2017. Remuneration includes housing allowance.

<f> Appointed CEO of Print and Distribution Australia from 01/12/17. Prior to this he was the CEO of Print Australia. Remuneration is for the 12 month period to 30/06/18. Annual base salary including superannuation is $450,000. Five days leave without pay was taken during the financial year which equated to $8,929.

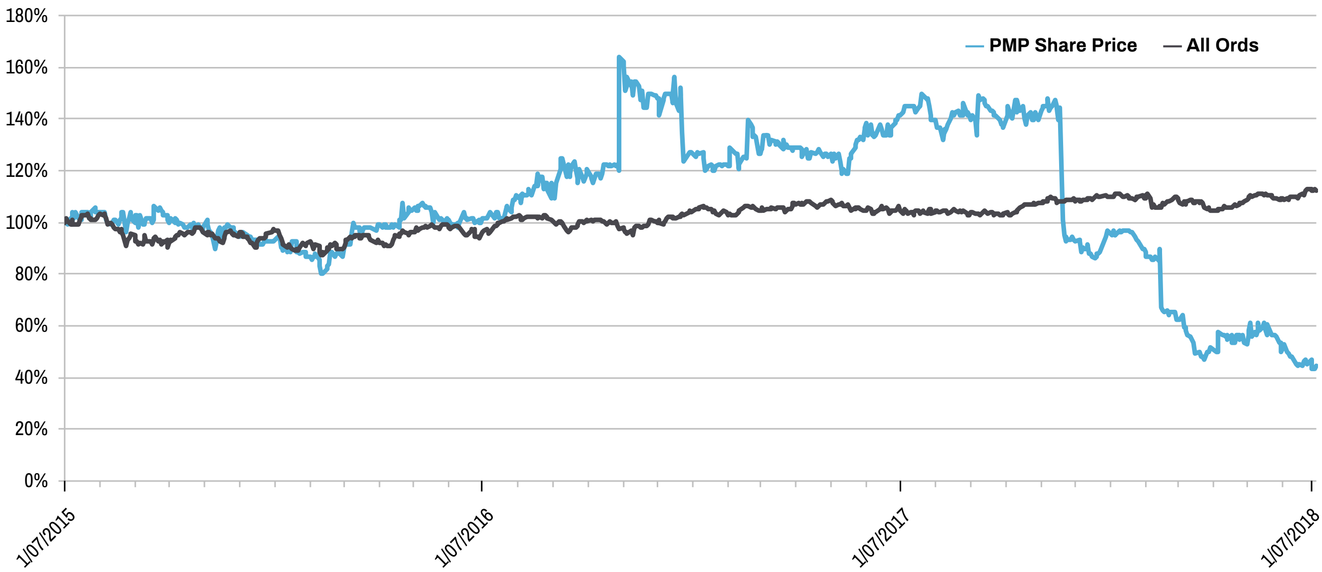
7.4 Senior executive performance evaluation

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 (before 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

The graph below shows PMP's performance over the last three years.

PMP SHARE PRICE PERFORMANCE AGAINST ASX ALL ORDS INDEX*



PMP Share Price Performance against ASX All Ords Index.
* Source: ASX

7.6 CEO

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

EMPLOYMENT CONTRACT

Mr Slaven was appointed CEO and MD of PMP Limited on 27 February 2018.

As part of the merger with IPMG, there was an obligation for Mr Slaven's then IPMG employment contract to continue. That employment contract was for a five year term which expired on 30 June 2018. The terms of that agreement continued past 30 June 2018 pending a new contract. A new contract was completed on 17 September 2018 for a three year term. Either party may terminate with 12 months notice.

The details of the remuneration pursuant to these contracts are set out below.

SUMMARY OF REMUNERATION STRUCTURE – NEW CONTRACT

Fixed Remuneration:

Base salary including superannuation is $650,000 per annum.

Short Term Incentive ("STI"):

STI of up to 75% of his fixed remuneration ("Maximum STI") FY19, comprising of the following components:

(a) performance against EBITDA target being 70% of Maximum STI ("EBITDA Target") and

(b) performance against other indicators set by the board being 30% of maximum STI ("Other Indicators")

Any STI achieved will be paid 70% in cash and 30% in PMP shares. The PMP shares will be purchased on market no later than 1 October in the following financial year and are subject to a 12 month holding lock from the start of that financial year. Unless at least 90% of the EBITDA target is achieved in the financial year, PMP may determine no payment is made under the STI plan for the EBITDA Target. There is no gateway for the Other Indicators.

Long Term Incentive ("LTI"):

Under the long term incentive bonus award arrangement, Mr Slaven may receive at the end of the three year performance period ending 30 June 2021 ("Performance Period") a maximum award of $2,437,500 ("Maximum Award") subject to satisfying a cumulative EBITDA performance target ("the Target").

Where less than 80% of the Target is achieved no payment is made in relation to the Maximum Award. Where between 80% and 110% of the Target is achieved, a corresponding proportion (i.e. between 50% and 100%) of the Maximum Award may be paid.

Any payment under the LTI is to be paid 50% in cash and 50% in PMP shares purchased on market subject to a one year holding lock.

The Target is tested on the earlier of 30 June 2021 or an early vesting event. Where there is an early vesting event, nothing will be awarded before 1 July 2019 and thereafter the Maximum Award and the Target will be pro-rated to reflect the reduced performance period.

SUMMARY OF REMUNERATION STRUCTURE OF IPMG EXISTING EMPLOYMENT CONTRACT

(assumed at the time of the merger between PMP and IPMG)

Fixed Remuneration:

Base salary including superannuation is $800,000 per annum.

STI:

Mr Slaven had an annual minimum STI of $270,000 but otherwise would not exceed 35% of his annual total remuneration package for the 2018 financial year. The STI was dependent on achieving a number of targets including EBIT, safety and personal objectives. No STI was payable unless at least 90% of budgeted EBIT was achieved.

No STI was payable to Mr Slaven for the 2018 financial year as the EBIT hurdle was not achieved. EBIT (before significant items) of $9.4 million was less than 90% of budgeted EBIT. The safety target for the Group for the 2018 year was TRIFR of 14.88. The Group achieved the safety hurdle with a TRIFR of 14.23. The personal objectives were predominantly achieved.

LTI:

The CEO's LTI under his existing IPMG employment contract is discussed in Section 7.3.

REMUNERATION SUMMARY

The remuneration paid to Mr Slaven for the year ended 30 June 2018 is set out in the table below.

Salary Component	2018
- Base Salary (including superannuation) <a>	$826,411
- Non-Monetary Benefits	—
- LSL	$12,534
- STI: Cash <b>	—
- LTI : Cash <c>	$333,333
Total	$1,172,278

Table 4. Chief Executive Officer remuneration.

<a> Appointed interim CEO of PMP Limited on 01/12/17 and MD and CEO on 27/02/18. He was the CEO of Distribution and Marketing Services from 01/07/17 to 30/11/17. Remuneration is for the 12 month period to 30/06/18. Annual base salary including superannuation is $800,000. During the financial year he received a back payment for wages that were underpaid during the period September 2016 to June 2017 of $26,411.

<b> No STI for the 2018 financial year was payable as the EBIT hurdle was not achieved.

<c> Details of Mr Slaven's LTI scheme is disclosed in 7.3. The total amount due has been accrued over the four year period. The amount disclosed represents the amount accrued during the 2018 financial year.

7.7 Key Management Personnel (other than Non-Executive Directors)

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

K Slaven <a>	MD and CEO of PMP Limited
S Ellis	MD - PMP (NZ) Limited
A O'Connor <b>	CEO of Print & Distribution Australia
G Stephenson	CFO

<a> Appointed interim CEO of PMP Limited on 01/12/17 and MD and CEO of PMP Limited on 27/02/18. He was the CEO of Distribution and Marketing Services from 01/07/17 to 30/11/17.

<b> Appointed CEO of Print and Distribution Australia from 01/12/17. Prior to this he was the CEO of Print Australia.

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
S Ellis	6 Months	6 Months	No specific termination payment provided for.
A O'Connor	6 Months	6 Months	No specific termination payment provided for.
G Stephenson	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.

Table 5. Executive Employment Contracts.

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 Black Scholes 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 <i>	Grand Total
			Salary	Non-Monetary benefits	STI	Post Employment Superannuation	LSL	LTI			
			$	$	$	$	$	$	$	$	$
K Slaven	<a>	2018	805,883	—	—	20,528	12,534	333,333	1,172,278	—	1,172,278
	<b> <c>	2017	245,356	—	273,700	8,600	4,513	300,000	832,169	—	832,169
P George	<d> <e>	2018	241,646	54,910	—	8,354	(50,166)	—	254,744	51,023	305,767
	<e> <f>	2017	580,379	73,699	600,000	19,621	50,166	—	1,323,865	215,752	1,539,617
S Ellis	<g>	2018	301,095	—	—	8,770	—	—	309,865	—	309,865
	<g>	2017	312,531	—	—	9,103	—	—	321,634	—	321,634
A O'Connor	<h>	2018	421,420	—	—	19,651	(1,239)	—	439,832	—	439,832
	<b> <c>	2017	141,959	—	67,650	8,041	8,853	—	226,503	—	226,503
G Stephenson		2018	454,951	—	—	20,049	7,526	—	482,526	9,248	491,774
		2017	455,384	—	—	19,616	7,489	—	482,489	31,928	514,417
J Nichols	<f>	2017	392,051	—	475,000	19,616	12,977	—	899,644	25,543	925,187
Total Remuneration KMP (excluding Non-Executive Directors)		**2018**	**2,224,995**	**54,910**	**—**	**77,352**	**(31,345)**	**333,333**	**2,659,245**	**60,271**	**2,719,516**
		2017	2,127,660	73,699	1,416,350	84,597	83,998	300,000	4,086,304	273,223	4,359,527

Table 6. Key Management Personnel (excluding Non-Executive Directors) remuneration of the Company and the Group.

<a> Appointed interim CEO of PMP Limited on 01/12/17 and MD and CEO of PMP on 27/02/18. He was the CEO of Distribution and Marketing Services from 01/07/17 to 30/11/17. Remuneration is for the 12 month period to 30/06/18. Details of Mr Slaven's LTI scheme is disclosed in 7.3. Annual base salary including superannuation is $800,000. During the financial year he received a back payment for wages that were underpaid during the period September 2016 to June 2017 of $26,411.

<b> Joined PMP from IPMG when it was acquired on 01/03/17. Remuneration reported covers period from 01/03/17 to 30/06/17.

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

<d> Retired on 30/11/17 (Termination payment of $600,000 excluded. Payment made on 30/11/17).

<e> Mr George's salary includes non-monetary benefits being $54,910 (2017: $73,699) for accommodation.

<f> The Board determined in October 2016 that Mr George and Mr 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> New Zealand dollar payment converted into Australian dollars at the average profit and loss exchange rate prevailing during 2018 and 2017. Remuneration includes housing allowance.

<h> Appointed CEO of Print and Distribution Australia from 01/12/17. Prior to this he was the CEO of Print Australia. Remuneration is for the 12 month period to 30/06/18. Annual base salary including superannuation is $450,000. Five days leave without pay was taken during the financial year which equated to $8,929.

<i> This is based on the accrued accounting value in accordance with *AASB 2 Share-based Payment*.

KEY MANAGEMENT PERSONNEL ACHIEVEMENT OF PERFORMANCE HURDLES

	Fixed Remuneration	At Risk STI	At Risk Cash LTI	At Risk Equity Settled LTI	Annual Remuneration Paid During the Year	Actual STI	Cash LTI	Equity Rights	Actual Reward	Proportion of Remuneration Performance Related
	<a>	<a>	<a>	<a>		<b>	<c>	<c>		
	%	%	%	%	$	$	$	$	$	%
K Slaven <d>	47	16	37	—	826,411	—	333,333	—	1,159,744	29
S Ellis <e>	67	33	—	—	309,865	—	—	—	309,865	—
A O'Connor <f>	67	33	—	—	441,071	—	—	—	441,071	—
G Stephenson	67	33	—	—	475,000	—	—	9,248	484,248	2

Table 7. Key Management Personnel achievement of performance hurdles.

<a> The table above represents the total remuneration mix for KMP in the current year. The at risk STI is disclosed at target levels, the at risk equity settled LTI amount is provided based on the value granted in the current year and the at risk cash LTI is the maximum amount entitled to in the current year.

<b> No STI payable for the 2018 financial year as the EBIT hurdle was not achieved.

<c> All LTIs are composed of "rights" with the exception of the existing LTI scheme for Mr Slaven. The value for the rights in this table has been independently valued at the grant date with rights subject to the TSR hurdle valued using a Monte Carlo Simulation and the Black Scholes model used to value the rights with a EBITDA performance condition. The value disclosed is the portion of the fair value of the rights recognised as an expense in the reporting period. No equity settled LTIs were granted in FY18. Mr Slaven's entitlement is based on a cash based LTI scheme which is described under LTIs at 7.3.

<d> Appointed interim CEO of PMP Limited on 01/12/17 and MD and CEO on 27/02/18. He was the CEO of Distribution and Marketing Services from 01/07/17 to 30/11/17. Remuneration is for the 12 month period to 30/06/18. Annual base salary including superannuation is $800,000. During the financial year he received a back payment for wages that were underpaid during the period September 2016 to June 2017 of $26,411.

<e> Remuneration paid in New Zealand dollars. New Zealand dollar remuneration converted into Australian dollars at the average profit and loss rate prevailing during the year.

<f> Appointed CEO of Print and Distribution Australia from 01/12/17. Prior to this he was the CEO of Print Australia. Remuneration is for the 12 month period to 30/06/18. Annual base salary including superannuation is $450,000. Five days leave without pay was taken during the financial year which equated to $8,929.

SHARE RIGHTS

No Directors were granted or hold rights over shares of PMP Limited. During and since the end of the financial year none of the Directors and top 5 remunerated officers were granted share rights. The table below lists only those officers of the top 5 remunerated officers who had share rights vest during the year ended 30 June 2018. All top 5 remunerated officers are listed for the year to 30 June 2017.

TOP 5 REMUNERATED PERSONNEL RIGHTS GRANTED

	30 June 2018	
	Granted number	Vested Number
		<a>
K Slaven	—	—
A Clarkson	—	148,958
C Dunsford	—	—
A O'Connor	—	—
B Straw	—	—
G Stephenson	—	247,396
Total	**—**	**396,354**

	30 June 2017	
	Granted number	Vested Number
		<b>
P George <c>	—	—
A Clarkson	—	368,015
J Davies <e>	—	—
D Hogan <e>	—	176,930
J Nichols <d>	—	488,971
G Stephenson	—	611,213
Total	—	1,645,129

Table 8. Top 5 remunerated personnel rights granted.

<a> As at 28 August 2017, following the announcement of the result to 30 June 2017 to the ASX, the performance rights issued in October 2014 to eligible executives under the PMP LTI Plan that exceeded the hurdles vested.

<b> 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 eligible executives under the PMP LTI Plan that exceeded the hurdles vested.

<c> Retired on 30/11/17.

<d> Retired on 31/10/17.

<e> One of the top 5 remunerated executives for 2017 only.

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

	Balance 1 July 2017	Granted as Remuneration	Rights Exercised	Rights Lapsed	Rights Cancelled	Other	Balance 30 June 2018
2018			<c>	<d>			
K Slaven	—	—	—	—	—	—	—
P George <a>	3,000,000	—	(1,456,650)	(1,543,350)	—	—	—
S Ellis	—	—	—	—	—	—	—
J Nichols <b>	741,288	—	(197,916)	(197,917)	—	—	345,455
A O'Connor	—	—	—	—	—	—	—
G Stephenson	926,610	—	(247,396)	(247,396)	—	—	431,818
Total	**4,667,898**	**—**	**(1,901,962)**	**(1,988,663)**	**—**	**—**	**777,273**

	Balance 1 July 2016	Granted as Remuneration	Rights Exercised	Rights Lapsed	Rights Cancelled	Other	Balance 30 June 2017
2017			<e>	<f>			
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	—	—	—	—	—	—	—
A O'Connor	—	—	—	—	—	—	—
K Slaven	—	—	—	—	—	—	—
Total	5,925,251	—	(1,100,184)	(157,169)	—	—	4,667,898

Table 9. Rights holdings Key Management Personnel (excluding Non-Executive Directors).

<a> Retired on 30/11/17. As at 01/12/17 with the retirement of Mr George and in accordance with the terms of the PMP Long Term Incentive Plan and his Employee Service Agreement an early vesting event occurred and 1,456,650 TSR rights vested (97.11% of TSR rights) with no EBITDA rights vesting.

<b> Retired on 31/10/17. Mr Nichols remained eligible for the rights issued in October 2015 subject to satisfaction of the performance hurdles which were assessed following the release of the 2018 financial year results on 30/08/18.

<c> 100% of TSR performance rights issued in October 2014 were exercised.

<d> Lapse of 100% of EBITDA performance rights issued in October 2014.

<e> Performance rights issued in October 2013 were exercised on 01/03/17.

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

SHAREHOLDINGS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

2018	Balance 1 July 2017	On Exercise of Rights	Acquired	Disposed	Other	Balance 30 June 2018
Directors						
M Bickford-Smith	200,000	—	250,000	—	—	450,000
K Slaven	—	—	—	—	—	—
P George	1,029,006	1,456,650 <a>	—	—	(2,485,656) <b>	—
M Hannan	40,092,497	—	—	—	—	40,092,497
D Karai	30,000	—	—	—	—	30,000
T Sinclair <c>	—	—	—	—	—	—
W Tang <c>	—	—	—	—	—	—
S Anstice <d>	—	—	—	—	—	—
A Cheong <e>	—	—	—	—	—	—
Total	**41,351,503**	**1,456,650**	**250,000**	**—**	**(2,485,656)**	**40,572,497**
Executives						
S Ellis	—	—	—	—	—	—
A O'Connor <f>	46,597,836	—	—	—	—	46,597,836
G Stephenson	742,268	247,396 <g>	—	(245,000)	—	744,664
J Nichols	489,003	197,916 <g>	—	—	(686,919) <h>	—
Total	**47,829,107**	**445,312**	**—**	**(245,000)**	**(686,919)**	**47,342,500**

Table 10. Share holdings of Key Management Personnel.

<a> On 01/12/17 with the retirement of Mr George and in accordance with the terms of the PMP Long Term Incentive Plan and his Employee Service Agreement an early vesting event occurred and 1,456,650 TSR rights vested.

<b> Retired on 30/11/17. Shareholdings are no longer required to be reported.

<c> Appointed on 10/10/17.

<d> Retired on 01/05/18.

<e> Retired on 30/09/17.

<f> Shares are held jointly with Richard O'Connor.

<g> Shares issued upon exercise of rights issued in October 2014 pursuant to PMP's LTI plan.

<h> Retired on 31/10/17. Shareholdings are no longer required to be 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 $597,852 of this amount for Non-Executive Directors' remuneration - as shown in Table 11.

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

	Fees *
Chair of the Board	$215,222
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 Chair continuously evaluates the 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	Long Term Incentive <j>	Equity Rights <k>	Grand Total
			$	$	$	$	$	$	$	$
Total Remuneration: Non-Executive Directors										
M Bickford-Smith (Board Chair)		2018	196,550	—	18,672	—	—	—	—	215,222
		2017	196,550	—	18,672	—	—	—	—	215,222
M Hannan		2018	88,000	—	8,360	—	—	—	—	96,360
		2017	—	—	28,561	—	—	—	—	28,561
D Karai		2018	101,000	—	9,595	—	—	—	—	110,595
		2017	99,069	—	9,412	—	—	—	—	108,481
T Sinclair	<a>	2018	62,129	—	5,902	—	—	—	—	68,031
W Tang	<b>	2018	62,129	—	5,902	—	—	—	—	68,031
S Anstice	<c>	2018	73,333	—	6,967	—	—	—	—	80,300
		2017	26,083	—	2,478	—	—	—	—	28,561
A Cheong	<d>	2018	22,000	—	—	—	—	—	—	22,000
	<d>	2017	88,000	—	—	—	—	—	—	88,000
P Margin	<e>	2017	16,833	—	1,599	—	—	—	—	18,432
N Sparks	<f>	2017	101,000	—	9,595	—	—	—	—	110,595
Total		**2018**	**605,141**	**—**	**55,398**	**—**	**—**	**—**	**—**	**660,539**
		2017	527,535	—	70,317	—	—	—	—	597,852
Total Remuneration: Executive Directors										
K Slaven (CEO)	<g>	2018	805,883	—	20,528	—	12,534	333,333	—	1,172,278
P George	<h>	2018	241,646	54,910	8,354	—	(50,166)	—	51,023	305,767
	<i>	2017	580,379	73,699	19,621	600,000	50,166	—	215,752	1,539,617
Total		**2018**	**1,047,529**	**54,910**	**28,882**	**—**	**(37,632)**	**333,333**	**51,023**	**1,478,045**
		2017	580,379	73,699	19,621	600,000	50,166	—	215,752	1,539,617
Total Remuneration: Directors										
		2018	**1,652,670**	**54,910**	**84,280**	**—**	**(37,632)**	**333,333**	**51,023**	**2,138,584**
		2017	1,107,914	73,699	89,938	600,000	50,166	—	215,752	2,137,469

Table 11. Specified Director remuneration.

<a> Appointed a Non-Executive Director on 10/10/17 and a member of the Audit and Risk Management Committee on 01/12/17.

<b> Appointed a Non-Executive Director on 10/10/17 and a member of the Appointments and Compensation Committee on 01/12/17.

<c> Retired on 01/05/18.

<d> Retired on 30/09/17. Payments made for Directorship services provided by Mr Cheong are made to Fraser & Neave (Singapore) Pte Ltd.

<e> Retired on 25/08/16.

<f> Retired on 30/06/17.

<g> Appointed interim CEO of PMP Limited on 01/12/17 and MD and CEO on 27/02/18. He was the CEO of Distribution and Marketing Services from 01/07/17 to 30/11/17. Remuneration is for the 12 month period to 30/06/18. Annual base salary including superannuation is $800,000. During the financial year he received a back payment for wages that were underpaid during the period September 2016 to June 2017 of $26,411.

<h> Retired on 30/11/17 (Termination payment of $600,000 excluded. Payment made on 30/11/17.). Mr George's salary includes non-monetary benefits being $54,910 for accommodation.

<i> Mr George's salary includes non-monetary benefits being $73,699 for accommodation.

<j> Details of Mr Slaven's LTI scheme is disclosed in 7.3.

<k> Equity rights are calculated as per Table 6.

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

Matthew Bickford-Smith
Chair

Kevin Slaven
Managing Director and Chief Executive Officer

Sydney, 17 September 2018

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 1
100 Harris Street
Pyrmont NSW 2009

17 September 2018

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 2018, 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

CFO REVIEW

GEOFF STEPHENSON

B.Bus CPA GAICD

CHIEF FINANCIAL OFFICER ("CFO")

APPOINTED 31 MAY 2010

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, 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 offshore.

SALES REVENUE

Sales revenue for the year ended 30 June 2018 was $734.0 million up $132.1 million or 21.9% due to higher sales at both Print Group Australia and Marketing Services Australia. At Print Group Australia, sales of $440.6 million were up $131.1 million from an additional 8 months of IPMG sales partially offset by lower volumes from existing customers (mostly newspapers & magazines) and $3.7 million lower revenues at Griffin Press. Sales at Marketing Services Australia of $87.5 million was up $10.8 million or 14.0% from extra Marketing Services sales partially offset by a 5.0% drop in Gordon & Gotch sales. Distribution Australia unaddressed volumes were up 1.3% on the previous corresponding period ("pcp"). PMP New Zealand sales were down $8.7 million or 6.8% (or 4.4% local currency) due to lower heatset and sheetfed revenues, Distribution and Gordon & Gotch sales were broadly in line.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

The full year EBITDA (before significant items) at $40.6 million, was up 26.0% or $8.4 million on the prior year EBITDA (before significant items) of $32.2 million, as higher volumes at both Print Group Australia and Marketing Services Australia and post merger savings were mostly offset by lost contracts, lower sell prices, lower volumes from existing customers, higher direct labour costs and other input costs. At Print Group Australia, EBITDA (before significant items) at $24.3 million was up $7.4 million as the impact of higher volumes from IPMG print and post merger savings offset higher input costs e.g. power and paper and higher direct labour costs. Marketing Services Australia EBITDA (before significant items) was $6.3 million due to higher profit at Marketing Services from 8 months extra sales while Gordon & Gotch was up $0.5 million year on year. Distribution Australia EBITDA (before significant items) at $2.9 million was in line year on year as higher volumes and cost savings were offset by lower sell prices. In New Zealand EBITDA (before significant items) at $10.6 million was down $1.8 million year on year as higher EBITDA (before significant items) at Gordon & Gotch were offset by lower print EBITDA due to lower sell prices with tight cost controls providing a partial offset.

NET LOSS AFTER TAX

A net loss after tax of $43.8 million was recorded for FY18 which was $82.6 million lower than the $126.4 million loss in the previous year. EBITDA (before significant items) was higher by $8.4 million and was partially offset by higher depreciation and interest costs. The main improvement year on year was a $103.3 million reduction in before tax significant items. Income tax expense was $6.3 million mainly due to the reversal of deferred tax timing differences booked in FY17.

CASH FLOW

The Group's net cash flow at negative $12.6 million was $1.9 million higher compared to FY17 as higher EBITDA (before significant items) and lower cash significant items were offset by working capital movements, higher capital expenditure and interest paid. Working capital movement was $4.9 million negative as $10.2 million of onerous leases, make good and redundancy provisions from June 2017 were paid out while trade working capital was better by $5.3 million.

BALANCE SHEET

At year end, net assets for the Group were $210.4 million, down $44.6 million from $255.1 million in the previous year due to the $43.8 million statutory loss in FY18. Current assets at $259.0 million was down by $26.8 million on mainly lower debtor balances. Current liabilities at $237.4 million was down $4.6 million as lower accounts payable was mostly offset by higher debt.

Highlights

$M	2018	2017	% Change
EBITDA (before significant items)	**40.6**	32.2	26.0%
Depreciation & Amortisation	**(31.3)**	(28.5)	(9.6%)
EBIT (before significant items)	**9.4**	3.7	153.9%
Financing Costs	**(7.4)**	(5.1)	(46.4%)
Income tax expense (before significant items)	**(0.8)**	(0.5)	(41.9%)
Net Profit/(Loss) (before significant items)	**1.1**	(1.9)	—
Significant items	**(39.4)**	(142.6)	72.4%
Income tax (expense)/benefit on significant items	**(5.6)**	18.1	—
Net Loss after income tax	**(43.8)**	(126.4)	—

Segment Revenue *#

$M	2018	2017	VARIANCE
Sales Revenue			
Print Group Australia	**440.6**	309.5	42.4%
Distribution Australia	**85.8**	86.8	(1.2%)
Marketing Services Australia	**87.5**	76.7	14.0%
New Zealand	**120.1**	128.8	(6.8%)
Corporate	**—**	—	—
Total	**734.0**	601.9	21.9%

Segment EBITDA (before significant items)

$M	2018	2017	VARIANCE
EBITDA (before significant items)			
Print Group Australia	**24.3**	16.9	43.6%
Distribution Australia	**2.9**	3.0	(3.2%)
Marketing Services Australia	**6.3**	3.6	75.4%
New Zealand	**10.6**	12.4	(14.7%)
Corporate	**(3.5)**	(3.8)	5.9%
Total	**40.6**	32.2	26.0%

* On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Refer to 'Changes in Accounting Policies' contained in Note 1: Summary of significant accounting policies.

\# The Group adjusted its segment reporting in the year under review due to the acquisition of IPMG Holdco Pty Ltd and its subsidiaries on 1 March 2017 (refer to comments on 'Change in segment reporting' contained in Note 1: Summary of significant accounting policies). The 2017 comparatives have been adjusted to reflect this change.

Cash Flow

$M	2018	2017
EBITDA (before significant items)	**40.6**	32.2
Borrowing costs	**(6.2)**	(4.9)
Income tax payments	**(0.1)**	(0.1)
Net movement in working capital	**(4.9)**	11.9
Trading cash flow	**29.5**	39.1
Significant items	**(35.6)**	(51.6)
Cash flow from operating activities	**(6.1)**	(12.5)
Asset sales	**2.6**	0.3
Capital expenditure	**(9.0)**	(2.0)
Dividends paid	**—**	(7.6)
Acquisition cash from controlled entity	**—**	11.1
Net cash flow	**(12.6)**	(10.7)
Loss on foreign currency cash	**(0.2)**	(0.1)
Take on loan - other /IPMG equipment loan	**(1.5)**	(8.5)
Reconciliation to net debt movement	**(14.3)**	(19.2)

Balance Sheet

$M	2018	2017
Current assets	**259.0**	285.8
Non-current assets	**259.3**	284.2
Total assets	**518.3**	570.0
Current liabilities	**237.4**	241.9
Non-current liabilities	**70.5**	73.1
Total liabilities	**307.9**	315.0
Net assets	**210.4**	255.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		PMP Group	
YEAR ENDED 30 JUNE 2018	NOTES	2018 $'000	2017 $'000
			(restated)*
Continuing operations			
Sales revenue	2(a), 20	**733,968**	601,876
Other revenue	2(a), 20	**12,527**	8,900
Raw materials and consumables used		**(273,486)**	(205,240)
Cost of finished goods sold		**(986)**	(1,467)
Employee expenses		**(303,477)**	(283,312)
Outside production services		**(14,492)**	(12,784)
Freight		**(78,355)**	(73,581)
Repairs and maintenance		**(18,436)**	(15,659)
Occupancy costs		**(35,550)**	(43,194)
Other expenses		**(20,446)**	(85,922)
Depreciation and amortisation	2(e), 20	**(31,276)**	(28,549)
Finance costs	3	**(7,449)**	(5,087)
Loss before income tax		**(37,458)**	(144,019)
Income tax (expense)/benefit:			
Current tax benefit in respect of the current period		**15,737**	13,353
Deferred tax (expense)/benefit in respect of the current period		**(22,074)**	4,239
Total tax (expense)/benefit	4	**(6,337)**	17,592
Net loss after income tax		**(43,795)**	(126,427)
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains	21	**145**	278
Income tax relating to items that will not be reclassified subsequently		**(44)**	(83)
		101	195
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,273)**	(341)
Other		**(4)**	—
Gain on cash flow hedges taken to equity		**391**	1,382
Income tax relating to items that may be reclassified subsequently		**(112)**	(408)
		(998)	633
Other comprehensive (expense)/income for the period (net of tax)		**(897)**	828
Total comprehensive loss for the year		**(44,692)**	(125,599)
Basic earnings per share (cents)	25	**(8.6)**	(33.3)
Diluted earnings per share (cents)	25	**(8.6)**	(32.9)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)	25(a)	**509,460**	379,850

* On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Refer to Changes in accounting policies.

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

AS AT 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
Current assets			
Cash and cash equivalents	26(b)	**54,418**	54,340
Receivables	5	**91,924**	117,280
Inventories	6	**105,015**	106,830
Financial assets	14	**1,470**	786
Other	7	**6,149**	6,565
Total current assets		**258,976**	285,801
Non-current assets			
Property, plant and equipment	8	**154,299**	175,095
Deferred tax assets	10	**62,659**	66,782
Goodwill and intangible assets	9	**37,710**	37,648
Financial assets	14	**1,768**	1,802
Other	7	**2,910**	2,914
Total non-current assets		**259,346**	284,241
Total assets		**518,322**	570,042
Current liabilities			
Payables	11	**157,502**	173,838
Interest bearing liabilities	12(a)	**39,899**	19,842
Income tax payable		**5**	29
Financial liabilities	14	**121**	620
Provisions	13	**39,829**	47,587
Total current liabilities		**237,356**	241,916
Non-current liabilities			
Interest bearing liabilities	12(b)	**48,787**	53,654
Provisions	13	**21,737**	19,421
Total non-current liabilities		**70,524**	73,075
Total liabilities		**307,880**	314,991
Net assets		**210,442**	255,051
Equity			
Contributed equity	15	**482,433**	481,758
Reserves	17	**10,436**	12,022
Accumulated losses		**(282,427)**	(238,729)
Total equity		**210,442**	255,051

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 2018	NOTES	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		**1,319,127**	1,191,633
Payments to suppliers and employees		**(1,319,473)**	(1,199,806)
Interest received		**488**	673
Interest and other costs of finance paid		**(6,171)**	(4,887)
Income tax paid		**(56)**	(113)
Net cash flow (used in)/provided by operating activities	26(a)	**(6,085)**	(12,500)
Cash flows from investing activities			
Payments for property, plant and equipment		**(9,031)**	(1,950)
Payments for development and licence costs		**(16)**	—
Proceeds from sale of property, plant and equipment		**2,571**	265
Acquisition of controlled entity		**—**	11,134
Net cash flow (used in)/provided by investing activities		**(6,476)**	9,449
Cash flows from financing activities			
Repayments of borrowings		**(5,550)**	(3,848)
Proceeds from new borrowings		**18,407**	14,826
Dividends paid to company's shareholders	16	**—**	(7,636)
Net cash flow provided by/(used in) financing activities		**12,857**	3,342
Net increase in cash and cash equivalents		**296**	291
Cash and cash equivalents at the beginning of the financial year		**54,340**	54,103
Effects of exchange rate changes on cash and cash equivalents		**(218)**	(54)
Cash and cash equivalents at end of the financial year	26(b)	**54,418**	54,340

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2018	PMP Group ($'000) Attributable to equity holders of PMP Limited					
	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Cash flow hedge reserve	Total equity
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)
Shares Issue - Acquisition	128,760	—	—	—	—	128,760
Share-based payments *	832	—	—	(674)	—	158
Prior period share-based payments adjustment	(1,061)	1,061	—	—	—	—
At 30 June 2017	481,758	(238,729)	11,150	849	23	255,051
At 1 July 2017	481,758	(238,729)	11,150	849	23	255,051
Currency translation differences	—	—	(1,273)	—	—	(1,273)
Cash flow hedges (net of tax)	—	—	—	—	279	279
Other	—	(4)	—	—	—	(4)
Defined benefit plan (net of tax)	—	101	—	—	—	101
Total (expense)/income recognised directly in equity	—	97	(1,273)	—	279	(897)
Loss for the year	—	(43,795)	—	—	—	(43,795)
Total comprehensive (expense)/income for the year	—	(43,698)	(1,273)	—	279	(44,692)
Share-based payments #	675	—	—	(592)	—	83
At 30 June 2018	**482,433**	**(282,427)**	**9,877**	**257**	**302**	**210,442**

~ At 30 June 2015, a dividend reserve was created in the parent entity. After the payment of the final dividend for the year ended 30 June 2016 of $7.636 million on 7 October 2016, the dividend reserve had a balance of $33.0 million.

* On 25 August 2016, the performance rights issued in October 2013 to the 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 28 August 2017, the performance rights issued in October 2014 to the eligible executives were exercised. The vested rights were settled by the issue of 699,204 shares on 29 August 2017 for $0.238 million, utilising the provision. On 1 December 2017, the eligible performance rights issued on 1 October 2015 to the former Managing Director and Chief Executive Officer vested on retirement. The vested rights were settled by the issue of 1,456,650 shares for $0.437 million, utilising the provision.

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

FINANCIAL NOTES

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 17 September 2018.

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 2018.

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

- *AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses* - Amendment to *AASB 112 Income Taxes*.
- *AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 107 Statement of Cash Flows.*

CHANGE IN SEGMENT REPORTING

The Group applies a 'management approach' to identify its operating segments, based on the information provided to the Group's chief operating decision-makers. This information is used to make decisions about resources to be allocated to the segment and assess their performance.

During the financial year, the Group changed its internal reporting structure after the acquisition of IPMG Holdco Pty Ltd and its subsidiaries. This has resulted in a change to how the Group defines its operating segments. The 2017 comparatives have been adjusted to reflect this change.

Marketing Services Australia includes Gordon & Gotch Australia and the digital businesses. Previously Gordon & Gotch Australia was a discrete operating segment and Distribution Australia, Griffin Press and the digital businesses were combined. Distribution Australia is now a discrete operating segment and Print Group Australia includes Griffin Press. There has been no change to the New Zealand operating segment.

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 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions.* Amendments to *AASB 2 Share-based Payment.*	1 January 2018	30 June 2019
- *AASB 16 Leases.*	1 January 2019	30 June 2020

AASB 9 Financial Instruments

AASB 9 Financial Instruments includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. The standard is applicable from 1 January 2018.

The expected impact on the financial statements is as follows:

i. Classification and measurement of financial assets

AASB 9 contains amendments to the classification and measurement of financial assets. Classification is based on the entity's purpose for holding such instruments and the contractual cash flow characteristics of the individual financial asset. Under AASB 9 there are three classification categories for financial assets - amortised cost, fair value through other comprehensive income and fair value through profit and loss. The categories of held to maturity and available for sale have been eliminated and fair value through other comprehensive income measurement category introduced for simple debt instruments.

PMP Group has the following financial assets - cash and cash equivalents, trade and other receivables and derivative financial instruments. The Group has performed a preliminary assessment and does not believe that the new classification requirements will have a material impact on the Group's existing financial assets. Financial assets will continue to be measured under the same basis as is currently adopted under *AASB 139 Financial Instruments: Recognition and Measurement.*

ii. Measurement of financial liabilities

AASB 9 requires financial liabilities to be measured on the same basis as AASB 139 with one exception noted. Financial liabilities which are held for trading continue to be measured at fair value through profit or loss. However, under AASB 9 the effects of changes in fair value due to changes in credit risk are recognised in other comprehensive income.

PMP Group has the following financial liabilities - trade and other payables, interest bearing liabilities and derivative financial instruments. The Group has performed a preliminary assessment and the Group's existing financial liabilities will continue to be measured under the same basis as is currently adopted under AASB 139.

iii. Hedge accounting

Under AASB 9 the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting has been broadened. This has had no impact on the PMP Group. Also, the effectiveness test has been replaced with the principle of an 'economic relationship' that more closely aligns hedge accounting with risk management activities. Retrospective assessment of hedge effectiveness is no longer required with the standard introducing a more qualitative and forward-looking approach to assessing hedge effectiveness. AASB 9 prohibits voluntary discontinuation of hedge accounting, introduces new requirements regarding rebalancing hedge relationships, revises the treatment of forward points and foreign currency basis spread and introduces a change to accounting for a hedged transaction that results in the recognition of a non-financial asset.

The PMP Group is exposed to foreign exchange risk when purchasing paper and ink from foreign suppliers. This risk is managed through the use of forward exchange currency derivatives with these transactions hedged in accordance with the Group's risk management policy.

The Group is also exposed to foreign exchange risk from a Euro denominated borrowing and interest rate risk. PMP has eliminated this risk by taking out a cross currency swap to exchange the loan's principal and floating Euro interest payments for an equally valued Australian dollar loan and floating Australian dollar interest payments in accordance with the Group's risk management policy.

PMP has reviewed its risk management objectives and strategies and at this time has not identified any new qualifying hedging instruments and hedged items under the revised model.

The Group has also assessed all its current hedging relationships and confirm that they are in alignment with the Group's risk management policy. It is anticipated that upon application of AASB 9 they will all qualify as continuing hedging relationships.

The Group expects to continue to include the forward element of foreign currency forward contracts in its designated hedging relationships. This is consistent with the Group's current hedge accounting policy.

Foreign currency basis spread is not expected to be material for PMP's foreign currency forward contracts as they are short dated being less than 12 months and no material changes are expected to the current treatment of foreign currency basis points for the Euro/AUD cross currency swap.

PMP's current accounting for a basis adjustment when hedging a forecast transaction that results in the recognition of inventory is consistent with the requirements under AASB 9.

The hedge documentation requirements are similar to AASB 139, however there are some additional requirements which will be addressed by PMP.

Overall the Group does not anticipate that the application of AASB 9 hedge accounting requirements will have a material impact on the Group's consolidated financial statements.

iv. Impairment of financial assets

AASB 9 introduces new impairment requirements for financial assets with the replacement of the incurred loss model under AASB 139 with a forward looking expected credit loss model. The incurred loss model recognised credit losses only when an event had occurred that had a negative effect on future cash flows and the effect could be reliably measured. The new model does not require a loss event to occur before an impairment loss is recognised, instead an ongoing assessment will have to be made of expected credit losses. The model involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses. A simplified approach is available for financial assets that do not have a significant financing component. The new model will apply to financial assets measured at amortised cost (loans and receivables) or fair value through other comprehensive income.

PMP's trade debtors are the only material financial assets in scope under the AASB 9 impairment model. The new model under AASB 9 will require an earlier assessment by the Group of the likelihood of credit losses. Additional disclosures regarding credit losses will also be required. Based on the Group's preliminary assessment the impairment losses are not likely to materially increase for the Group's trade debtors and is in the range of $1 million to $2 million. The Group will apply the standard as at 1 July 2018 with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings.

AASB 16 Leases

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 Consolidated statement of profit or loss over the lease term. This will primarily impact leases of property, presses, forklifts, motor vehicles and equipment which are currently classified by PMP as operating leases.

The total amount of cash paid will be separated into a principal portion (financing activities) and interest (operating activities) for presentation in the Consolidated cash flow statement.

Lessor accounting will not change significantly, and it is expected that the Group's accounting will remain unchanged under AASB 16.

AASB 16 is applicable for annual reporting periods beginning on or after 1 January 2019.

A project has commenced to manage implementation and compliance with AASB 16. The project has members from finance, treasury and IT with oversight by the CFO. An external consultant has been engaged to provide technical guidance. The key deliverables of the project include development of the project plan, establishment of the project timeline, setting the budget for implementation and monitoring project costs, collation of data, assessment of system requirements, making and documenting accounting policy choices and judgements, assessing and finalising the impact on adoption.

The Group is in the process of collating all lease data, storing it in a central repository and performing a detailed review. This includes identification of leases that are exempt on the basis of being short-term or low-value assets. These will be recognised on a straight-line basis as an expense in the Group's consolidated financial statements. It also includes identifying all non-lease components and variable lease components linked to an index/rate.

This standard must be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognised as at 1 July 2019 under the modified retrospective approach. The Group currently expects to use the modified retrospective approach. A practical expedient under AASB 16 is the option to retain the classification of existing contracts as leases under current accounting standards. It is expected that the Group will apply this accounting policy choice at the date of initial application of AASB 16.

On transition under the modified retrospective approach you have the choice to measure the right-of-use asset as either equal to the lease liability or calculated retrospectively as if AASB 16 has always applied from the date of lease inception. This is applied on a lease-by-lease basis. The Group is considering this approach for its more recent and material leases.

The Group has received some demonstrations from companies that provide an end-to-end long-term technology solution to manage the ongoing lease accounting beyond transition. The Group has selected a provider and is in the process of finalising their engagement.

The Group is continuing to evaluate the impact of the new requirements on the Group's financial statements, systems and processes. However, it is expected that it will result in materially higher assets with the recognition of a right-of-use asset and liabilities on the Consolidated statement of financial position. More quantitative and qualitative information will be provided as the project progresses.

STANDARDS EARLY ADOPTED FOR THE FINANCIAL YEAR

- *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*
- *AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15*

CHANGES IN ACCOUNTING POLICIES

Revenue recognition

AASB 15 Revenue from Contracts with Customers establishes a single comprehensive five-step approach to revenue recognition and supersedes the current revenue guidance under *AASB 118 Revenue*. The steps are as follows:

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

Under AASB 15, revenue is recognised when or as a performance obligation is satisfied and when control of the good or service under the performance obligation is transferred to the customer.

The standard is effective for annual reporting periods beginning on or after 1 January 2018. The PMP Group elected to early adopt AASB 15 from 1 July 2017.

PMP Limited and its subsidiaries enter into contracts with all customers for the sale of products and services. Therefore, this standard applies to the Group.

The major sources of revenue recognised by PMP Group are commercial printing, letterbox delivery, magazine distribution services, marketing services and digital premedia. The impact of the new standard has been reviewed by the PMP Group and changes to revenue recognition have been identified for magazine distribution services, freight and other income. The application has not had an impact on the financial position and performance of the Group. It has resulted in a reclassification of revenue and expense balances in the Consolidated statement of profit or loss and other comprehensive income.

The revised standard includes changes to the recognition of income for the Gordon & Gotch magazine distribution business. Under AASB 118, revenue is recognised on the transfer of risks and rewards. Gordon & Gotch was treated as a principal under AASB 118 on the basis that they absorbed the risks of credit and damage to the magazines whilst in distribution and enjoyed the rewards from the collection of the magazines from the publisher to its distribution to the outlet. Sales revenue was recorded on a gross basis being the trade magazine cover price net of returns and a cost of finished goods sold expense recorded for the trade price of the magazine paid to the publisher net of returns.

Under AASB 15, the performance obligations with publishers under the agreements were considered and it was determined that in substance Gordon & Gotch provides a magazine distribution service. It was noted that while Gordon & Gotch takes risk at various stages of the distribution process, the publisher/retailers take the risk on sales and inventory. AASB 15 provides detailed guidance on the assessment of principal versus agent arrangements. The revised guidance under *AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15* was considered for determining whether Gordon & Gotch is acting as agent or principal, including the removal of credit risk as an indicator of principal. AASB 15 places emphasis on whether the entity controls the specified good or service before it is transferred to the customer. Gordon & Gotch does not have control over the magazines as they have no control over the magazine content, setting of the magazine cover price, magazine quantity supplied and when the magazine arrives. It was concluded that Gordon & Gotch is in substance acting as an agent engaged by the publisher to sell the magazines on their behalf to the retail outlet, collect monies from the retailers for the sale of the magazines and remit the amounts collected to the publishers. The publishers are charged by Gordon & Gotch a distribution fee for this service (copies sold or delivered). Accordingly, sales should be recorded on a net basis with the underlying fee paid by the publishers to distribute the magazines recorded as revenue. Revenue should be reduced by the amount included in cost of finished goods sold (being the price due to the publisher).

The PMP Group has applied this amendment retrospectively resulting in a $488,200,000 reduction in sales revenue and a $488,200,000 reduction in cost of finished goods sold for the financial year ended 30 June 2017. There was no impact on the loss for the period.

The adoption of the standard has also resulted in a change in the recognition of the recovery of freight cost. PMP prints and distributes books, magazines and catalogues. Customers may also engage PMP to deliver the produced product to a specified location. Historically PMP has not included the freight component of the invoice as revenue. Instead, under AASB 118 the on-charging of freight to customers was treated as a recovery of costs and offset against freight expense. Under AASB 15, the provision of freight services should be treated as revenue as it is a distinct service that is separately included in the customer contract. It is not part of the overall performance obligation as not every customer engages the Group to perform this service. AASB 15 requires the amounts invoiced for freight to be presented as revenue as the provision of freight services represents a separate performance obligation to the goods being delivered. The PMP Group has applied this amendment retrospectively resulting in a $36,061,000 increase in sales revenue, a $1,320,000 decrease in other revenue and a $34,741,000 increase in freight expense for the financial year ended 30 June 2017. There was no impact on the loss for the period.

PMP recycles waste paper, spoilt work, used plates and reels from the manufacturing process. Historically these were treated as a cost recovery and offset against raw materials and consumables used. Under AASB 15 these represent distinct goods provided and the promise to transfer the goods represent performance obligations that are accounted for separately. They represent revenue derived from outside the company's core operations and should be recorded as other revenue. The PMP Group has applied this amendment resulting in a $6,613,000 increase in other revenue and a $6,613,000 increase in raw materials and consumables used for the year ended 30 June 2017. There was no impact on the loss for the period.

The Group has also conducted a review of the classification of revenue items as other revenue. The source of the revenue was considered with an assessment undertaken of whether it was from the Group's core operations or outside the core operations of the Group. Income derived from core operations has been classified as sales revenue and income derived from outside the core operations has been classified as other revenue. Magazine subscriptions, digital distribution of magazines, merchandising, special packing, returns sorting and storage fees are governed by specific performance obligations in Gordon & Gotch distribution contracts and represent income from the core operations of the business. Historically these ancillary revenue streams have been classified as other revenue and should be recorded as sales revenue. The reclassification of these revenue items retrospectively has resulted in a $2,532,000 increase in sales revenue and a $2,532,000 reduction in other revenue for the year ended 30 June 2017. There was no impact on the loss for the period.

The following table summarises the impact of adopting AASB 15 on each line item in the Group's Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017. The change in the basis of revenue recognition had no impact on the Consolidated statement of financial position, the Consolidated statement of cash flows and on the Group's basic or diluted earnings per share.

YEAR ENDED 30 JUNE 2017	2017 $'000 Reported	2017 $'000 Adjustment	2017 $'000 Restated
Continuing operations			
Sales revenue	1,051,483	(449,607)	601,876
Other revenue	6,139	2,761	8,900
Raw materials and consumables used	(198,627)	(6,613)	(205,240)
Cost of finished goods sold	(489,667)	488,200	(1,467)
Employee expenses	(283,312)	—	(283,312)
Outside production services	(12,784)	—	(12,784)
Freight	(38,840)	(34,741)	(73,581)
Repairs and maintenance	(15,659)	—	(15,659)
Occupancy costs	(43,194)	—	(43,194)
Other expenses	(85,922)	—	(85,922)
Depreciation and amortisation	(28,549)	—	(28,549)
Finance costs	(5,087)	—	(5,087)
Loss before income tax	(144,019)	—	(144,019)
Income tax benefit	17,592	—	17,592
Net loss after income tax	(126,427)	—	(126,427)

BASIS OF CONSOLIDATION

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

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

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

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

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

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 Consolidated cash flow statement, cash includes cash on hand and in banks. Cash on hand and in banks is stated at nominal 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 restoration of the premises to its original condition at the end 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.

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 Consolidated statement of financial position.

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 is classified as operating cash flows.

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

On 1 March 2017, PMP Limited acquired 100% of IPMG Holdco Pty Ltd and its subsidiaries, the initial accounting for this business combination was completed provisionally. During the measurement period, one year after acquisition, additional liabilities were recognised, and adjustments made to the provisional amounts recognised to reflect new information about facts and circumstances that existed at acquisition 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 arm's 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 the deferred tax asset that can be recognised, based on the likely timing and level of future taxable profits.

The deferred tax asset of $16.9 million pertaining to the current financial year Australian tax loss was not recognised in the financial statements as at 30 June 2018. Due to the lower EBITDA performance of the Australian operations in the current financial year, the savings from the strategic review plan and the 2019 budget, the timeframe over which PMP expects to recoup the Australian deferred tax asset of $34.8 million has increased to 6-8 years. The Directors believe that this time frame is reasonable and not inconsistent with prior periods.

Therefore, the Directors believe that the deferred tax asset value is supportable given the level of forecast future tax profits from the 2019 financial year onwards. This position will be reassessed on an ongoing basis.

The New Zealand deferred tax asset value of $229,000, attributable to tax losses is expected to be fully recouped by the end of 2019.

Total gross unrecognised tax losses as at 30 June 2017 was $203.7 million. Due to tax consolidation issues determined upon lodging the IPMG 2017 tax return, the final tax losses transferred to PMP reduced by $25.9 million from $93.4 million to $67.5 million. There was also an adjustment increasing gross prior year losses not recognised by $0.7 million upon lodgement of the PMP 2017 tax return. Current year gross tax losses not recognised was $56.5 million. Total gross unrecognised tax losses as at 30 June 2018 was $235.0 million ($70.5 million tax effected).

Despite the non-recognition of these losses on the Consolidated statement of financial position, the losses will be 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.

(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.

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
2a Revenue			
External sales		**696,217**	565,815 *
Freight		**37,751**	36,061 *
Total sales revenue		**733,968**	601,876
Included in loss before income tax are the following items of other revenue:			
Recoveries from the manufacturing process		**9,973**	7,000 *
Other income - external		**44**	858 *
Net gain on disposal of plant and equipment		**1,961**	—
Rental income		**59**	389
Interest income	3	**490**	653
Total other revenue		**12,527**	8,900
Total revenue	20	**746,495**	610,776

* On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Refer to Changes in accounting policies.

(a) Significant accounting policies

The Group has early adopted *AASB 15 Revenue from Contracts with Customers* with a date of initial application of 1 July 2016. This has resulted in a change in accounting policy and a restatement of revenue and expense balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Details of the changes are disclosed in Note 1.

Revenue is recognised when the Group transfers control of the good or service to a customer. It is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Amounts are recognised net of returns, discounts and rebates.

Some contracts with customers may contain multiple deliverables such as printing and distribution. These are considered separate performance obligations. Revenues are recognised as each performance obligation is met.

(b) Nature of goods and services

Below is a description of the principal activities from which the Group derives its revenue separated by reportable segments.

The Group may also be engaged by customers to provide a freight service to a specified location. These services form part of a contract with multiple deliverables. Freight is treated as a separate performance obligation as it is a distinct service that is separately included in the customer contract. It is not part of the overall performance obligation as not every customer engages the Group to perform this service. Freight services are provided across all reportable operating segments. Revenue is recognised at a point of time, being when the freight services are provided.

For more information about reportable segments refer to Note 20.

i. Commercial and book printing

The Print Group Australia and New Zealand segments generate revenue from the printing of magazines and books for publishers and catalogues for customers.

- Revenue is recognised when control of the good is transferred, being as the printing jobs are completed over time. Customers provide specifications for each job and as the printing work is performed, control is then passed to the customer.
- For each job, there is no alternative use for this asset to the Group, and the Group has a right to payment for performance completed to-date. Revenue is accrued for partly completed jobs in the month of service using the input method. This is calculated based on resources consumed (i.e. paper issued) relative to total resources expected to be consumed (i.e. paper allocated).
- Contracts can have separate transaction pricing for each service provided and includes fixed and variable pricing. Variable pricing includes discounts, revenue rebates and volume-based rebates. The Group estimates the amount using a 'most likely method' and is included to the extent that it is highly probable that a significant reversal of revenue will not occur.

ii. Distribution

The Distribution Australia and New Zealand segments generate revenue from letterbox delivery of addressed and unaddressed, mass and targeted catalogues and newspapers.

- Revenue is recognised when control of the goods are transferred to the customer, which is when the product is available for delivery to the letterbox or into store in accordance with the customers contract.
- Contracts can have separate transaction pricing for each service provided and includes fixed and variable pricing. Variable pricing includes discounts, revenue rebates and volume-based rebates. The Group estimates the amount using a 'most likely method' and is included to the extent that it is highly probable that a significant reversal of revenue will not occur.

YEAR ENDED 30 JUNE 2018

2a Revenue (continued)

(b) Nature of goods and services (continued)

iii. Magazine distribution

- Gordon & Gotch distributes magazines and other products to stores and outlets located across Australia and New Zealand. Gordon & Gotch is engaged by publishers to sell magazines on their behalf to retail outlets and is acting as an agent. A distribution fee is earned for this service based on copies sold or delivered.
- Revenue is recognised in the accounting period in which the distribution occurs, control is passed and the services are satisfied in accordance with the contractual arrangements.

iv. Marketing services

- Marketing services are provided in Australia and include digital printing and professional services (photography, creative, public relations, digital premedia and infrastructure services).
- Professional services revenue is recognised up to the amount of the fees that the Group is entitled to invoice for services performed to-date based on contracted rates and the percentage of job completion. This percentage is determined by reference to the actual hours incurred per time sheets as a proportion of the estimated total hours expected to complete the job. The performance obligations are satisfied over time, generally being three to six months.
- Digital printing revenue is recognised when control of the good is transferred, being as the printing jobs are completed over time.
- Contracts may include discounts and are estimated to the extent that it is highly probable that a significant reversal of revenue will not occur.

(c) Financing component

The Group in general does not have any contracts with a financing component as the period between when the Group transfers the promised good or service to a customer and the customer pays for it is less than one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

(d) Contract balances

Contract assets relate to the Group's rights to consideration for product and services provided but not invoiced at the reporting date. Contract assets at the reporting date are disclosed in Note 5 as Other debtors.

Contract liabilities primarily relate to consideration received in advance from customer contracts. The Group has an immaterial contract liability balance of $0.7 million at 30 June 2018 which will be recognised in the next reporting period on performance of outstanding marketing service obligations. Contract liabilities are disclosed in Note 11 as Other accruals.

Changes in contract assets and liabilities during the period resulted from satisfaction of performance obligations. The opening contract liability relating to income received in advance was recognised as revenue during the period.

(e) Transaction price allocated to the remaining performance obligations

The revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date is disclosed in the below table.

The Group applies the practical expedients available in AASB 15 and does not disclose the transaction price allocated to (partially) unsatisfied performance obligations as at 30 June 2017.

	PMP Group 2018 $'000
Commercial and book printing	—
Distribution	—
Magazine distribution	—
Marketing services	773
Freight	—
	773

The Group expects that 100% of the transaction price allocated to the unsatisfied contracts as of 30 June 2018 will be recognised as revenue during the next reporting period.

(f) Costs to obtain a contract

Under AASB 15 the incremental costs of obtaining a contract with a customer are capitalised when expected to be recovered under the contract. In accordance with AASB 15, the Group can expense the incremental costs of obtaining a contract with a customer as incurred, as if capitalised would have been amortised within less than 1 year.

YEAR ENDED 30 JUNE 2018

2a Revenue (continued)

(g) Disaggregation of revenue

The Group derives revenue at a point in time and over time. At 30 June 2018 revenue earned over time is considered immaterial.

Note 20 provides details of revenue by major products and service offerings, by geographical segment and by operating segment.

(h) Revenue other than contracts with customers

PMP recycles materials from the manufacturing process and revenue is recognised when the materials are sold.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised as interest accrues.

			PMP Group	
		NOTES	2018 $'000	2017 $'000
2b Significant items				
Included in net loss after income tax are the following significant items of income and expense:				
Net (gain)/loss on disposal of plant and equipment			**(1,904)**	337
Restructure initiatives and other one-off costs			**27,015**	50,086
Onerous leases			**9,614**	20,028
Acquisition costs - IPMG Group			**—**	8,015
Impairment of intangible assets			**—**	24,590
Relocation of presses			**5,502**	3,477
(Reversal)/impairment of plant and equipment due to restructure initiatives		2(c), 8(b)	**(868)**	36,082
Total significant items (included in loss before interest and tax)			**39,359**	142,615
Tax benefit associated with significant items			**11,581**	33,193
Adjustment of prior year losses not recognised to actual			**(217)**	(35)
Tax losses not brought to account			**(16,935)**	(15,026)
Tax (expense)/benefit included in net loss after tax			**(5,571)**	18,132
Significant items have been included in the Consolidated statement of profit or loss and other comprehensive income within the following categories:				
Other revenue	- Gain on sale of plant and equipment		**(1,904)**	—
Raw materials and consumables used			**68**	—
Cost of finished goods sold			**431**	—
Employee expenses			**23,749**	47,133
Freight			**993**	449
Repairs and maintenance			**229**	18
Occupancy costs			**9,614**	20,241
Other expenses	- (Reversal)/impairment		**(868)**	60,672
	- Legal and professional fees		**1,378**	8,886
	- Relocation of presses		**5,502**	3,477
	- Other expenses		**167**	1,739
			39,359	142,615

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
2c Loss before income tax			
Loss before income tax is arrived at after charging/(crediting) the following items:			
Lease rental expenses - operating leases		**38,990**	27,822
Share-based payment plans	17	**83**	158
Net (gain)/loss on disposal of plant and equipment		**(1,961)**	193
(Reversal)/impairment of plant and equipment	2(b)	**(868)**	36,082
Bad debt provision movement	5(b)	**275**	554

		2018 $	2017 $
2d Auditors' remuneration			
Auditor of the parent entity			
Auditing the accounts		**395,850**	439,200
Other services			
- Taxation and related advisory services including the acquisition of IPMG		**138,801**	555,300
		534,651	994,500
Network firm of the parent entity auditor			
Auditing the accounts		**98,765**	86,908
Other services			
- Taxation and related advisory services		**35,600**	32,503
		134,365	119,411

		2018 $'000	2017 $'000
2e Depreciation and amortisation			
Depreciation			
Leasehold improvements	8(a)	**969**	1,212
Plant and equipment	8(a)	**29,727**	26,410
Total depreciation		**30,696**	27,622
Amortisation			
Development and licence costs	9(a)	**580**	927
Total amortisation		**580**	927
Total depreciation and amortisation		**31,276**	28,549
3 Finance costs			
Interest expense			
Bank loans and overdraft		**6,784**	5,087
Unwind of discount on long term onerous lease and make good provisions		**665**	—
Total interest expense		**7,449**	5,087
Total finance costs		**7,449**	5,087
Interest income	2(a)	**(490)**	(653)
Net finance costs		**6,959**	4,434

Significant accounting policies

Finance costs are recognised in the Consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

YEAR ENDED 30 JUNE 2018	PMP Group 2018 $'000	PMP Group 2017 $'000
4 Income tax		
(a) Reconciliation of income tax expense/(benefit)		
Loss before income tax	**(37,458)**	(144,019)
Prima facie income tax thereon at 30% (2017: 30%)	**(11,237)**	(43,206)
Tax effect of non-temporary and other differences:		
Non-assessable items	**(338)**	—
Effect of differences in overseas tax rate	**(89)**	300
Income tax under provided in previous year	**218**	80
Non-deductible items for tax purposes	**848**	10,208
Benefit of tax losses not brought to account	**16,935**	15,026
Income tax expense/(benefit) attributable to loss	**6,337**	(17,592)
Major component of income tax expense/(benefit):		
Current tax benefit	**(15,737)**	(13,353)
Deferred tax expense/(benefit)	**22,074**	(4,239)
Income tax expense/(benefit) attributable to loss	**6,337**	(17,592)

(b) Significant accounting policies

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.

(c) Deferred tax assets and deferred tax liabilities

At 30 June 2018 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 or any such tax due would be offset by existing unrecognised deferred tax losses (2017: $nil).

YEAR ENDED 30 JUNE 2018	PMP Group 2018 $'000	PMP Group 2017 $'000
(d) Franking credits		
The amount of franking credits available are:		
Franking account balance as at the end of the financial year at 30% (2017: 30%)	**62,529**	62,529

Upon the acquisition of the IPMG tax consolidated group franking credits of $62.5 million transferred to the PMP tax consolidated group on 1 March 2017.

(e) 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 standalone 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.

(f) Tax losses not brought to account	$000 Gross Current Year	$000 Tax effected
Revenue losses	**234,982**	70,495
Capital losses	**287,093**	86,128

The benefit of these revenue losses has not been brought to account as realisation is not probable within 6-8 years, refer to Note 10 for details. Due to tax consolidation issues determined upon lodging the IPMG 2017 tax returns the final tax losses transferred to PMP reduced from $93.4 million to $67.5 million, and this amount is now reflected in the above total of unrecognised tax losses.

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 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
5 Receivables			
Trade debtors*		**88,236**	114,615
Provision for doubtful debts	5(b)	**(1,280)**	(1,324)
Net trade debtors		**86,956**	113,291
Other debtors	5(d)	**4,968**	3,989
Total current receivables		**91,924**	117,280

* Trade debtors are non-interest bearing and are on commercial terms.
There were no material unhedged foreign currency receivables.

(a) Significant accounting policies

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.

(b) Impaired trade receivables

PMP Group:
At 30 June 2018 a provision for doubtful debts of $1,280,000 (2017: $1,324,000) has been recognised. This relates to a variety of customers who are in unexpectedly difficult economic situations.

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
Movements in the provision for doubtful debts are as follows:			
Balance as at 1 July		**1,324**	482
Provision acquired		**—**	275
Provision for doubtful debts recognised	2(c)	**482**	1,009
Amounts written off		**(295)**	(450)
Amounts recovered		**(24)**	463
Unused amount reversed	2(c)	**(199)**	(453)
Net foreign currency translation difference	2(c)	**(8)**	(2)
Balance at 30 June		**1,280**	1,324

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.

(c) Past due but not impaired

At 30 June 2018 there were $18,203,000 (2017: $11,430,000) of trade receivables in the PMP Group past due but not impaired.

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
The aging analysis of these trade receivables is as follows:			
Past due 1 - 30 days		**15,057**	7,963
Past due 31 - 60 days		**1,520**	1,331
Past due 61 - 90 days		**750**	1,366
Past due greater than 90 days		**876**	770
		18,203	11,430

There are no receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

(d) Other debtors

Other debtors generally arise from transactions outside of the 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 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
6 Inventories			
Raw materials, spare parts and stores at cost		**51,885**	50,085
Less: provision for diminution		**(598)**	(709)
Net raw materials, spare parts and stores		**51,287**	49,376
Finished goods at cost		**50,076**	51,825
Work in-progress at cost		**3,652**	5,629
Total current inventories		**105,015**	106,830

Significant accounting policies

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.

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
7 Other assets			
Current other assets			
Prepayments		**6,149**	6,565
Total current other assets		**6,149**	6,565
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	**2,122**	1,945
Other assets		**548**	729
Total non-current other assets		**2,910**	2,914
8 Property, plant and equipment			
Leasehold improvements			
At cost		**14,465**	14,546
Accumulated depreciation		**(8,445)**	(7,608)
Accumulated impairment		**(2,026)**	(2,026)
Net leasehold improvements	8(a)	**3,994**	4,912
Plant and equipment			
At cost		**619,545**	656,245
Accumulated depreciation		**(437,893)**	(437,325)
Accumulated impairment		**(31,347)**	(48,737)
Net plant and equipment	8(a)	**150,305**	170,183
Leased plant and equipment			
At cost		**220**	364
Accumulated depreciation		**(220)**	(364)
Net leased plant and equipment		**—**	—
Total net property, plant and equipment	8(a)	**154,299**	175,095

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'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		**4,912**	5,522
Acquisition		**—**	1,733
Disposals		**—**	(13)
Transfer from other asset category		**156**	518
Depreciation	2(e)	**(969)**	(1,212)
Impairment	2(b), 2(c), 8(b)	**—**	(1,603)
Net foreign currency translation difference		**(105)**	(33)
Carrying amount at end of year		**3,994**	4,912
Plant and equipment			
Carrying amount at beginning of year		**170,183**	150,422
Acquisition		**—**	70,914
Additions		**9,508**	1,966
Disposals		**(609)**	(457)
Impairment reversal/(charge)	2(b), 2(c), 8(b)	**868**	(31,416)
Transfer to other asset category		**(156)**	(518)
Transfer from inventories		**1,336**	6,387
Transfer to intangibles		**(292)**	(430)
Depreciation	2(e)	**(29,727)**	(26,410)
Expensed to the profit and loss		**(48)**	(40)
Net foreign currency translation difference		**(758)**	(235)
Carrying amount at end of year		**150,305**	170,183
Total net property, plant and equipment		**154,299**	175,095
(b) Impairment			
(Reversal)/impairment of plant and equipment	2(b), 2(c)	**(868)**	33,019
		(868)	33,019

YEAR ENDED 30 JUNE 2018

8 Property, plant and equipment (continued)

(c) Significant accounting policies

Carrying value

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.

Derecognition

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. Any adjustments are made on a prospective basis.

Impairment

Property, plant and equipment is tested for impairment when there is an indication that an asset may be impaired (assessed at least at each reporting date) or where there is an indication that an existing impairment may have changed.

Where an indicator of impairment exists, the PMP Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs 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 groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

The assumptions used in the assessment of recoverable amount are discussed in Note 9(c).

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
9 Goodwill and intangible assets			
Development and licence costs			
At cost		**6,008**	5,744
Accumulated amortisation		**(5,507)**	(4,971)
Closing net book amount	9(a)	**501**	773
Goodwill			
At cost		**133,557**	98,760
Goodwill on acquisition	24	**406**	34,797
Accumulated impairment		**(99,623)**	(99,623)
Net foreign currency translation difference		**2,869**	2,941
Closing net book amount	9(a)	**37,209**	36,875
Total net intangibles	9(a)	**37,710**	37,648

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
9 Goodwill and intangible assets (continued)			
(a) Reconciliations			
Development and licence costs			
Carrying amount at beginning of year		**773**	965
Acquisition		**—**	495
Additions		**16**	—
Impairment		**—**	(190)
Transfer from other asset category		**292**	430
Amortisation	2(e)	**(580)**	(927)
Carrying amount at end of year		**501**	773
Goodwill			
Carrying amount at beginning of year		**36,875**	26,549
Goodwill on acquisition	24	**406**	34,797
Impairment *		**—**	(24,399)
Net foreign currency translation difference		**(72)**	(72)
Carrying amount at end of year	9(c)	**37,209**	36,875
Total net intangibles		**37,710**	37,648

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

(b) Significant accounting policies

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.

Development and licence costs

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

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

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

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

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
9 Goodwill and intangible assets (continued)			
(c) Impairment testing of goodwill			
Carrying amount of goodwill allocated to each cash generating unit:			
Distribution - New Zealand		**2,006**	2,078
Print Australia		**33,443**	33,057
Marketing Services		**1,760**	1,740
Total goodwill	9(a)	**37,209**	36,875

In accordance with PMP policy, impairment testing has been undertaken at 30 June 2018 for all cash generating units ("CGU") with indefinite useful life intangible assets or where there is an indication of impairment. The testing has been conducted using the higher of a value in use model and a fair value less costs of disposal model.

Fair value less costs of disposal

The recoverable amount of the CGUs, Print Australia, Griffin Press, Distribution - Australia, Marketing Services and Distribution - New Zealand, is determined based on a fair value less costs of disposal calculation. In the absence of comparable transactions, fair value has been assessed using a discounted cash flow methodology with cross checks performed to external indicators, such as EBITDA multiples. This represents a Level 3 model in line with the fair value hierarchy in accordance with *AASB 13 Fair Value Measurement*. PMP believe that this methodology provides the best indication of the price that would be received to sell the business in an orderly transaction between market participants at balance sheet date.

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

While the Print Australia business unit impairment analysis shows a surplus, which is lower than at 30 June 2017, the Directors estimate, that if forecast EBITDA reflected in the model were to decrease by 10%, it could result in the aggregate carrying value of this cash generating unit exceeding the recoverable amount in the range of approximately $10 million to $15 million. This model includes benefits from the new Manroland press from late 2019 onwards. In addition, the company will continue to respond to lower volumes by addressing the fixed cost base as applicable.

For all other CGUs, the Directors believe that sensitivity analyses performed indicate that if a change in EBITDA reflected in the models 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 CGUs, Maxum and heatset web printing – New Zealand, Gordon & Gotch - New Zealand and Gordon & Gotch - Australia, is determined based on a value in use calculation.

In assessing value in use, the estimated future cash flows, excluding future uncommitted restructurings and associated benefits, are discounted to their present value using a pre-tax discount rate. The key assumptions used are disclosed in the table on the following page.

Based on testing carried out at 30 June 2018, the Maxum and heatset web printing – New Zealand business unit impairment analysis shows a surplus. However, the Directors estimate, that if forecast EBITDA reflected in the model were to decrease by 10%, it could result in the aggregate carrying value of this CGU exceeding the recoverable amount in the range of approximately NZ$1 million to NZ$3 million.

For all other CGUs, 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.

YEAR ENDED 30 JUNE 2018

9 Goodwill and intangible assets (continued)

(c) Impairment testing of goodwill (continued)

Key assumptions:

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

Area of judgement	Assumption used in value in use calculation - Maxum & heatset web printing (New Zealand) - Gordon & Gotch (New Zealand) - Gordon & Gotch (Australia)
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans form the basis of the discounted cash flow models used for impairment testing and are based upon past experience and future outlook. Budgeted EBITDA is calculated as operating profit before depreciation and amortisation, based upon past experience and future outlook. Adjustments are made to budgeted EBITDA as follows: - removal of benefits from future uncommitted restructuring - inclusion of working capital movements
Long term growth rate	Management's plan is used for the first three years of the Group's value in use calculations. An annual growth rate of 0% for years four, five and perpetuity (where applicable) has been applied. The rate applied is based on management's assessment of the specific circumstances of that business.
Budgeted capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to maintain current fixed asset levels after taking into account budgeted repairs and maintenance.
Pre-tax discount rate	The pre-tax discount rate applied to the cash flows of each of the Group's cash generating units in Australia and New Zealand is 13.4% (2017: 13.8%). 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 Australia - Griffin Press - Distribution (Australia) - Marketing Services - Distribution (New Zealand)
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans form the basis of the 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%.
Long term growth rate	Management's plan is used for the first three years of the Group's fair value less costs of disposal 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.
Post-tax discount rate	The post tax discount rate applied to the cash flows was 10.0% (2017: 10.0%).

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
10 Deferred tax			
Deferred tax assets			
Temporary differences:			
- Provisions/accruals		**23,429**	26,158
- Property, plant and equipment		**5,475**	5,081
- Cash flow hedges		**(125)**	(13)
- Other assets		**(1,170)**	(949)
Tax losses		**35,050**	36,505
Total deferred tax assets	10(a)	**62,659**	66,782

	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 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
(Charged)/credited						
- to profit or loss	**(3,796)**	**(177)**	**(949)**	**—**	**—**	**(4,922)**
- to other comprehensive income	**—**	**(44)**	**—**	**(111)**	**—**	**(155)**
- foreign currency translation reserve	**(49)**	**—**	**(6)**	**(1)**	**(59)**	**(115)**
- to goodwill	**1,116**	**—**	**1,349**	**—**	**—**	**2,465**
Utilisation of tax losses	**—**	**—**	**—**	**—**	**(1,396)**	**(1,396)**
At 30 June 2018	**23,429**	**(1,170)**	**5,475**	**(125)**	**35,050**	**62,659**

YEAR ENDED 30 JUNE 2018

10 Deferred tax (continued)

(b) Significant accounting policies

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.

(c) Deferred tax losses

The deferred tax asset of $16.9 million pertaining to the current financial year's Australian tax loss was not recognised in the financial statements as at 30 June 2018. Due to the lower EBITDA performance of the Australian operations in the financial year, the savings from the strategic review plan and the 2019 budget, the timeframe over which PMP expects to recoup the Australian deferred tax asset of $34.8 million has increased and is in the range of 6-8 years.

The New Zealand deferred tax asset value of $229,000, attributable to tax losses is expected to be fully recouped by the end of 2019.

Total gross unrecognised tax losses as at 30 June 2017 was $203.7 million. Due to tax consolidation issues determined upon lodging the IPMG 2017 tax return the final tax losses transferred to PMP reduced by $25.9 million from $93.4 million to $67.5 million. There was also an adjustment increasing gross prior year losses not recognised by $0.7 million upon lodgement of the PMP 2017 tax return. Current year gross tax losses not recognised was $56.5 million. Total gross unrecognised tax losses as at 30 June 2018 was $235.0 million ($70.5 million tax effected).

Despite the non-recognition of these losses on the Consolidated statement of financial position, the losses will be 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.

YEAR ENDED 30 JUNE 2018	PMP Group 2018 $'000	PMP Group 2017 $'000
11 Payables		
Current payables		
Creditors - unsecured		
Trade creditors and accruals *	**156,748**	172,807
Interest payable	**754**	1,031
Total current payables	**157,502**	173,838

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

Significant accounting policies

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 billed to the consolidated entity or not.

Payables to related parties are carried at the principal amount.

YEAR ENDED 30 JUNE 2018		PMP Group 2018 $'000	PMP Group 2017 $'000
12 Interest bearing liabilities			
(a) Current interest bearing liabilities			
Secured			
Bank Loans - Working Capital Facility:	Australian dollars	**10,000**	—
Bank Loans - repayable in:	Euros *	**3,138**	2,955
Equipment Financing:	Australian dollars	**2,819**	2,819
Receivables Financing:	Australian dollars	**23,233**	14,826
Other			
Other:	Australian dollars	**1,186**	—
Prepaid finance costs		**(477)**	(758)
Total current interest bearing liabilities		**39,899**	19,842
(b) Non-current interest bearing liabilities			
Secured			
Bank Loans - repayable in:	Euros *	**7,844**	10,344
Equipment Financing:	Australian dollars	**1,409**	4,228
Unsecured			
Corporate bond:	Australian dollars	**40,000**	40,000
Other			
Prepaid finance costs		**(466)**	(918)
Total non-current interest bearing liabilities		**48,787**	53,654

* Represents Euro denominated loan of 7.0 million (2017: 9.0 million) measured at the exchange rate prevailing at balance date.

(c) Significant accounting policies

Borrowings are initially 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.

YEAR ENDED 30 JUNE 2018	Facility $'000s	Drawn $'000s	Available $'000s
12 Interest bearing liabilities (continued)			
(d) Interest bearing liabilities - facility details			
2018			
Secured			
Overdraft Facility	**9,591**	**—**	**9,591**
Export Finance Facility *	**10,982**	**10,982**	**—**
Equipment Financing Facility	**4,228**	**4,228**	**—**
Receivables Financing Facility	**40,000**	**23,233**	**16,767**
Working Capital Facility	**10,000**	**10,000**	**—**
Unsecured			
Corporate Bond	**40,000**	**40,000**	**—**
Other Loan	**1,186**	**1,186**	**—**
Total facilities	**115,987**	**89,629**	**26,358**
2017			
Secured			
Overdraft Facility	9,758	—	9,758
Export Finance Facility *	13,299	13,299	—
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	135,104	75,172	59,932

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

(e) 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 have a maturity date of 1 March 2019 and are subject to annual reviews with the next review due by 31 December 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 Net Debt/EBITDA ratio and a minimum Fixed Charge Ratio. The facilities are also subject to the warranties and conditions of the agreement, including a requirement to maintain a minimum cash balance in total of $17 million and a change of control clause.

PMP issued an unsecured $40 million corporate bond on 17 September 2015. The bond has a fixed coupon of 6.43% per annum and a four year term. It is subject to a number of financial covenants, including the PMP Group being measured against a maximum Secured Debt/EBITDA ratio, a maximum Net Debt/EBITDA ratio and a minimum EBITDA/Interest ratio. Capital Management restrictions also apply which limits payouts to 100% of NPAT before significant items.

PMP entered into a fully secured $30 million Australia Dollar Working Capital Facility in March 2017. This facility has a maturity date of 1 March 2019 and has reduced to a limit of $10 million. The amount drawn as at 30 June 2018 was $10 million. 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 Net 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 Euro 17 million export financing bank loan agreement in February 2013, secured against an offset rotary press. As at 30 June 2018, this loan was fully drawn and after amortisation payments had a balance of Euro 7.0 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 $8.5 million Australian Dollar equipment financing facility. As at 30 June 2018, this loan was fully drawn at $4.2 million. This facility has a maturity date of 23 November 2019 with semi-annual amortisations. The lender is ANZ Banking Group. The facility is also subject to the warranties and conditions of the agreement during the term of it.

YEAR ENDED 30 JUNE 2018

12 Interest bearing liabilities (continued)

(e) Terms and conditions (continued)

PMP entered into a $35 million Australia Dollar Receivables Financing Facility in March 2017. The loan facility amount was increased to $40 million Australian Dollars as at 31 December 2017. As at 30 June 2018, this loan was drawn to $23.2 million. This facility has a maturity date of 28 February 2019. ANZ Banking Group is the lender. Security pledged involves a charge over certain receivables of the Print, Distribution and Marketing Services businesses. The facility is also subject to the warranties and conditions of the agreement during the term of the facility.

(f) Net debt

PMP has taken out a cross currency swap to exchange the Euro 7.0 million export financing loan's principal and floating Euro interest payments for an equally valued AUD loan and AUD interest payments. This loan has formed part of the overall PMP Group debt that is hedged to fixed rates. For the purposes of calculating PMP's net debt, the hedged fixed rate Australian obligation of the Euro loan of $8.5 million has been used.

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
Cash		**(54,418)**	(54,340)
Corporate Bond:	Australian dollars	**40,000**	40,000
Bank Loans - Working Capital Facility:	Australian dollars	**10,000**	—
Bank Loans - repayable in Euros - measured at the exchange rate prevailing at balance date		**10,982**	13,299
Cross currency swap revaluation - adjusted to measure the Euro denominated loan at the hedged fixed rate of the Australian obligation		**(2,438)**	(2,314)
Equipment Financing:	Australian dollars	**4,228**	7,047
Receivables Financing:	Australian dollars	**23,233**	14,826
Other loan:	Australian dollars	**1,186**	—
Net debt/ (cash)		**32,773**	18,518

(g) Reconciliation of liabilities arising from financing activities

	NOTES	2017 $000	Cash Flows $000	Other $000	Foreign Exchange Movement $000	Fair Value Changes $000	2018 $000
Current							
Corporate Bond	12(b)	40,000	—	—	—	—	40,000
Bank Loans - Working Capital	12(a)	—	10,000	—	—	—	10,000
Bank Loans - EUR	12(a) & 12(b)	13,299	(2,441)	—	124	—	10,982
Equipment Financing	12(a) & 12(b)	7,047	(2,819)	—	—	—	4,228
Receivables Financing	12(a)	14,826	8,407	—	—	—	23,233
Other	12(a)	—	(290)	1,476	—	—	1,186
Total current & non-current interest bearing liabilities #		**75,172**	**12,857**	**1,476**	**124**	**—**	**89,629**
Asset held to hedge long-term borrowings ##	27(c)(ii)	(2,064)	—	—	—	(188)	(2,252)
Total liabilities from financing activities		**73,108**	**12,857**	**1,476**	**124**	**(188)**	**87,377**

A reconciliation between the opening and closing balances arising from financing activities. This includes changes from cash flows (refer to Consolidated statement of cash flows) and non-cash changes.

Excludes prepaid financing costs as does not form part of cash flow from financing activities reconciliation.
The valuation of the cross currency swap includes foreign exchange and an interest rate component.

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
13 Provisions			
(a) Current provisions			
Employee entitlements		**28,155**	29,900
Other	13(c)	**11,674**	17,687
Total current provisions		**39,829**	47,587
Non-current provisions			
Employee entitlements		**1,944**	2,217
Other	13(c)	**19,793**	17,204
Total non-current provisions		**21,737**	19,421
Total provisions		**61,566**	67,008

(b) Significant accounting policies

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.

Employee entitlements

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.

YEAR ENDED 30 JUNE 2018

13 Provisions (continued)

(c) Movements in provisions

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

	Restructure	Make good	Onerous leases & contracts	Lease Incentive	Other	Total
	$000	$000	$000	$000	$000	$000
Current						
Carrying amount at start of year	3,962	4,079	6,628	1,180	1,838	17,687
Charged/(credited) to profit or loss						
- additional provisions recognised	—	10	8,269	448	1,011	9,738
- IPMG Acquisition	—	—	615	—	—	615
- unused amounts reversed	(120)	(946)	(979)	—	(393)	(2,438)
- discount unwind	—	—	226	—	—	226
Transfer (to)/from other provision classes	780	—	—	(655)	(125)	—
Amounts used during the period	(4,327)	(644)	(6,776)	(476)	(1,919)	(14,142)
Net foreign currency translation difference	—	—	—	(10)	(2)	(12)
Carrying amount at end of year	**295**	**2,499**	**7,983**	**487**	**410**	**11,674**
Non-Current						
Carrying amount at start of year	—	4,827	11,173	1,204	—	17,204
Charged/(credited) to profit or loss						
- additional provisions recognised	—	284	568	119	—	971
- IPMG Acquisition	—	—	1,827	—	—	1,827
- unused amounts reversed	—	—	(109)	—	—	(109)
- discount unwind	—	130	309	—	—	439
Amounts used during the period	—	—	—	(475)	—	(475)
Net foreign currency translation difference	—	(36)	—	(28)	—	(64)
Carrying amount at end of year	**—**	**5,205**	**13,768**	**820**	**—**	**19,793**

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
14 Financial assets and financial liabilities			
Current financial assets			
Forward currency contracts	27(e)(iv)	**986**	524
Cross currency swaps	27(c)(ii)	**484**	262
Total current financial assets		**1,470**	786
Non-current financial assets			
Cross currency swaps	27(c)(ii)	**1,768**	1,802
Total non-current financial assets		**1,768**	1,802
Total financial assets		**3,238**	2,588
Current financial liabilities			
Forward currency contracts	27(e)(iv)	**121**	620
Total current financial liabilities		**121**	620
Total financial liabilities		**121**	620

All derivatives designated as effective hedging instruments are carried at fair value.

YEAR ENDED 30 JUNE 2018	Number 2018 '000	Number 2017 '000	PMP Group 2018 $'000	PMP Group 2017 $'000
15 Contributed equity				
Issued and paid up capital				
Movements in ordinary share capital:				
Balance as at 1 July - ordinary shares	**508,028**	318,172	**481,758**	353,227
Share movements in respect of:				
- Share-based payments	**2,156**	1,886	**675**	832
- Acquisition	**—**	187,970	**—**	128,760
- Adjustment to prior period share-based payments	**—**	—	**—**	(1,061)
Balance at 30 June - ordinary shares	**510,184**	508,028	**482,433**	481,758

On 29 August 2017, PMP issued 699,204 fully paid ordinary shares pursuant to PMP's Long Term Incentive Plan following the vesting of performance rights to the eligible executives of PMP.

As at 1 December 2017 with the retirement of Mr George, the former MD and CEO, and in accordance with the terms of the PMP Long Term Incentive Plan and his Employee Service Agreement an early vesting event occurred and 1,456,650 TSR rights vested. The vested rights were settled by the issue of 1,456,650 fully paid ordinary shares.

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 PMP's 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 the IPMG acquisition.

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

YEAR ENDED 30 JUNE 2018	PMP Group 2018 $'000	PMP Group 2017 $'000
16 Dividends		
Final dividend		
Final dividend for the year ended 30 June 2016 of 2.4 cents, unfranked paid on 7 October 2016	—	7,636
Total dividends declared	—	7,636

Significant accounting policies

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 2018 year (nor paid any interim dividends).

After the payment of the June 2016 final dividend of $7.6 million in October 2016, the dividend reserve has a balance of $33.0 million.

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
17 Reserves			
Foreign currency translation reserve			
Opening balance		**11,150**	11,491
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities		**(1,273)**	(341)
Total foreign currency translation reserve		**9,877**	11,150
Share-based payment reserve			
Opening balance		**849**	1,523
Movement in reserve relating to:			
- Share-based payment expense	2(c)	**83**	158
- Issue of shares on exercise		**(675)**	(832)
Total share-based payment reserve		**257**	849
Cash flow hedge reserve			
Opening balance		**23**	(951)
Movement in reserve relating to:			
- Cash flow hedge		**391**	1,382
- Tax effect of cash flow hedge net gain		**(112)**	(408)
Total cash flow hedge reserve		**302**	23
Total reserves		**10,436**	12,022
18 Commitments			
The following commitments are not reflected in the balance sheet and are payable as follows:			
(a) Capital expenditure (i):			
- not later than one year		**4,631**	991
- later than one year but not later than five years		**9,166**	—
Total capital expenditure		**13,797**	991
(b) Operating lease rentals - Group as lessee (ii):			
- not later than one year		**38,171**	34,936
- later than one year but not later than five years		**129,224**	128,405
- later than five years		**18,624**	50,959
Total operating lease rentals		**186,019**	214,300
(c) Operating lease rentals - Group as lessor (iii):			
- not later than one year		**(2,510)**	(651)
- later than one year but not later than five years		**(2,802)**	(872)
Total operating lease rentals		**(5,312)**	(1,523)
Total net commitments for expenditure		**194,504**	213,768

(i) At 30 June 2018 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 2018 the value of bank guarantees was $16.4 million (2017: $18.6 million). The company has not issued any guarantees for properties where it is not the lessee.

YEAR ENDED 30 JUNE 2018	Country of Incorporation	NOTES	Interest held 2018 %	Interest held 2017 %
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 Ltd	Australia	(a)	**100**	100
PMP Print Pty Ltd	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 Ltd	Australia	(a)	**100**	100
Linq Plus Pty Limited	Australia	(a)	**100**	100
PMP Wholesale Pty Ltd	Australia	(a)	**100**	100
PMP Digital Pty. Ltd.	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 Ltd)	Australia	(b)	**100**	100
Scribo Holdings Pty Ltd	Australia	(b)	**100**	100
The Scribo Group Pty Ltd	Australia	(b)	**100**	100
Tower Books Pty Limited	Australia	(b)	**100**	100
Gary Allen Pty Ltd	Australia	(b)	**100**	100
ilovemagazines.com.au Pty Ltd (formerly Treeet.com.au Pty Ltd)	Australia	(a)	**100**	100
PMP Directories Pty Limited	Australia	(a)	**100**	100
Argyle Print Pty Ltd	Australia	(b)	**100**	100
Red PPR Holdings Pty Ltd	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 & 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 Corporations Instrument 2016/785 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 2018	Country of Incorporation	NOTES	Interest held 2018 %	Interest held 2017 %
19 Controlled entities (continued)				
The following companies merged with PMP Group on 1 March 2017.				
IPMG Holdco Pty Ltd	Australia	(c)	**100**	100
IPMG Subco Pty Ltd	Australia	(c)	**100**	100
Propsea Pty Limited	Australia	(c)	**100**	100
MJV Pty Limited	Australia	(c)	**100**	100
Tigerstone Pty Limited	Australia	(c)	**100**	100
KTAR Pty Limited	Australia	(c)	**100**	100
PMP Subco No.6 Pty Limited (formerly Glencree Pty Limited)	Australia	(c)	**100**	100
D. Livingstone Pty. Limited	Australia	(c)	**100**	100
PMP Subco No.2 Pty Limited (formerly Josproud Pty. Limited)	Australia	(c)	**100**	100
PMP Subco No.3 Pty Limited (formerly Lafim Pty. Limited)	Australia	(c)	**100**	100
PMP Subco No.4 Pty Limited (formerly Peter Parker Pty. Lmited)	Australia	(c)	**100**	100
IPMG Pty Limited	Australia	(c)	**100**	100
Hannan Finance Corporation Pty Limited	Australia	(c)	**100**	100
IPMG Administration Pty Limited	Australia	(c)	**100**	100
NDD Distribution Pty Ltd	Australia	(c)	**100**	100
Southern Independent Publishers Pty Limited	Australia	(c)	**100**	100
The Federal Publishing Co Pty Ltd	Australia	(c)	**100**	100
PMP Subco No 1 Pty Limited (formerly F.Hannan Pty Limited)	Australia	(c)	**100**	100
IPMG Management (No.2) Pty Ltd	Australia	(c)	**100**	100
IPMG Digital Pty Ltd	Australia	(c)	**100**	100
Forty Two International Pty Limited	Australia	(c)	**100**	100
Holler Australia Pty Ltd	Australia	(c)	**100**	100
Holler Administration Pty Ltd	Australia	(c)	**100**	100
IPMG Consulting Pty Limited	Australia	(c)	**100**	100
MassMedia Studios Pty Ltd (formerly JSA Digital Pty Ltd)	Australia	(c)	**100**	100
Max Australia Pty Ltd	Australia	(c)	**100**	100
Sinnott Bros Pty Ltd	Australia	(c)	**100**	100
Spectrum Communications Group Pty Limited	Australia	(c)	**100**	100
IPMG Singapore Pte Limited	Singapore		**100**	100
Spin Comm. Syd. Pty Ltd	Australia	(c)	**100**	100
The Gang of 4 Pty Limited	Australia	(c)	**100**	100
Traction Digital Pty Ltd (formerly MassMedia Studios Pty Limited)	Australia	(c)	**100**	100
Traction Digital Limited (formerly Traction Platform Limited)	United Kingdom		**100**	100
Traction Digital Private Limited	India		**100**	100
The Independent Print Media Group Pty Limited	Australia	(c)	**100**	100
PMP Subco No.5 Pty Limited (formerly Arklow Pty. Limited)	Australia	(c)	**100**	100
Offset Alpine Printing Group Pty Limited	Australia	(c)	**100**	100
Kierle Investments Pty Ltd	Australia	(c)	**100**	100
Offset Alpine Printing Pty Limited	Australia	(c)	**100**	100
Craft Printing Pty Ltd	Australia	(c)	**100**	100
Hannanprint NSW Pty Limited	Australia	(c)	**100**	100
Hannanprint Victoria Pty Limited	Australia	(c)	**100**	100
SYNC Communications Management Pty Limited	Australia	(c)	**100**	100
Warwick Farm Business Park Pty Ltd	Australia	(c)	**100**	100
Woodox Pty Ltd	Australia	(c)	**100**	100
Inprint Pty Limited	Australia	(c)	**100**	100
Bolton Print Pty Ltd	Australia	(c)	**100**	100
Inpack Pty. Ltd.	Australia	(c)	**100**	100
PEP Central Pty Ltd	Australia	(c)	**100**	100

YEAR ENDED 30 JUNE 2018

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:

YEAR ENDED 30 JUNE 2018	Closed Group 2018 $'000	Closed Group 2017 $'000 (restated)*
Statement of profit or loss and other comprehensive income of the closed group		
Sales revenue	**611,976**	472,202
Other revenue	**11,216**	19,009
Revenue	**623,192**	491,211
Raw materials and consumables used	**(226,839)**	(154,478)
Cost of finished goods sold	**(493)**	(1,374)
Employee expenses	**(258,097)**	(237,512)
Outside production services	**(13,445)**	(11,416)
Freight	**(67,149)**	(61,876)
Repairs and maintenance	**(16,159)**	(14,815)
Occupancy costs	**(31,883)**	(38,725)
Other expenses	**(16,459)**	(60,880)
Loss before depreciation, amortisation, finance costs and income tax	**(7,332)**	(89,865)
Depreciation and amortisation	**(25,924)**	(50,578)
Loss before finance costs and income tax	**(33,256)**	(140,443)
Finance costs	**(7,295)**	(5,042)
Loss before income tax	**(40,551)**	(145,485)
Income tax (expense)/benefit	**(5,051)**	18,860
Net loss attributable to members of the closed group	**(45,602)**	(126,625)

* On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Refer to Changes in accounting policies.

YEAR ENDED 30 JUNE 2018	Closed Group 2018 $'000	Closed Group 2017 $'000
19 Controlled entities (continued)		
Statement of financial position of the closed group		
Current assets		
Cash and cash equivalents	**41,945**	46,388
Receivables	**78,270**	100,376
Inventories	**90,863**	91,521
Financial assets	**1,277**	750
Other	**5,527**	6,040
Total current assets	**217,882**	245,075
Non-current assets		
Property, plant and equipment	**130,183**	149,362
Deferred tax assets	**60,830**	63,513
Goodwill and intangible assets	**35,698**	36,015
Financial assets	**1,768**	1,802
Other	**43,085**	41,064
Total non-current assets	**271,564**	291,756
Total assets	**489,446**	536,831
Current liabilities		
Payables	**133,767**	145,495
Interest bearing liabilities	**39,899**	19,842
Financial liabilities	**97**	464
Provisions	**37,133**	45,492
Total current liabilities	**210,896**	211,293
Non-current liabilities		
Interest bearing liabilities	**48,787**	53,654
Provisions	**20,063**	16,854
Total non-current liabilities	**68,850**	70,508
Total liabilities	**279,746**	281,801
Net assets	**209,700**	255,030
Equity		
Contributed equity	**482,433**	481,758
Reserves	**441**	941
Accumulated losses	**(273,174)**	(227,669)
Total equity	**209,700**	255,030

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.

The Group adjusted its segment reporting in the year under review due to the acquisition of IPMG Holdco Pty Ltd and its subsidiaries on 1 March 2017 (refer to comments on 'Change in segment reporting' contained in Note 1: Summary of significant accounting policies). The 2017 comparatives have been adjusted to reflect this change.

Print Group Australia includes all of the Print businesses in Australia namely, Heatset and Griffin Press. Marketing Services Australia includes Gordon & Gotch Australia and the digital businesses. New Zealand segment includes all businesses in New Zealand.

Transactions between segments are carried out at arm's length and are eliminated on consolidation.

Segment revenue and results

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

	Print Group Australia		Distribution Australia		Marketing Services Australia		New Zealand		Corporate		Consolidated	
(a) Operating Segments	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue												
External sales *	**422,259**	294,556	**76,506**	76,194	**86,499**	75,243	**110,953**	119,822	**—**	—	**696,217**	565,815
Freight *	**18,356**	14,971	**9,262**	10,636	**997**	1,488	**9,136**	8,966	**—**	—	**37,751**	36,061
Other revenue *	**7,867**	5,202	**760**	545	**285**	1,213	**1,323**	1,387	**388**	553	**10,623**	8,900
Other revenue significant items	**1,764**	—	**—**	—	**151**	—	**(11)**	—	**—**	—	**1,904**	—
Total revenue	**450,246**	314,729	**86,528**	87,375	**87,932**	77,944	**121,401**	130,175	**388**	553	**746,495**	610,776
EBITDA ~ before significant items	**24,339**	16,949	**2,943**	3,040	**6,282**	3,581	**10,600**	12,420	**(3,538)**	(3,758)	**40,626**	32,232
Depreciation and amortisation	**(23,729)**	(20,351)	**(35)**	(71)	**(1,895)**	(1,930)	**(5,332)**	(5,833)	**(285)**	(364)	**(31,276)**	(28,549)
EBIT^ before significant items	**610**	(3,402)	**2,908**	2,969	**4,387**	1,651	**5,268**	6,587	**(3,823)**	(4,122)	**9,350**	3,683
Significant items before income tax	**(29,621)**	(105,800)	**(518)**	(194)	**(3,784)**	(2,475)	**(757)**	(21,614)	**(4,679)**	(12,532)	**(39,359)**	(142,615)
Segment EBIT after significant items	**(29,011)**	(109,202)	**2,390**	2,775	**603**	(824)	**4,511**	(15,027)	**(8,502)**	(16,654)	**(30,009)**	(138,932)
Finance costs											**(7,449)**	(5,087)
Consolidated entity loss before income tax											**(37,458)**	(144,019)
Income tax (expense)/benefit											**(6,337)**	17,592
Net loss after income tax											**(43,795)**	(126,427)

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

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

* On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Refer to Changes in accounting policies.

YEAR ENDED 30 JUNE 2018

20 Segmental information (continued)

(b) Significant items by operating segments	Print Group Australia		Distribution Australia		Marketing Services Australia		New Zealand		Corporate		Consolidated	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Significant items of revenue												
Gain/(loss) on disposal of plant and equipment	**1,764**	—	**—**	—	**151**	—	**(11)**	—	**—**	—	**1,904**	—
Total segment significant items of revenue	**1,764**	—	**—**	—	**151**	—	**(11)**	—	**—**	—	**1,904**	—
Significant items of expense												
Loss on disposal of plant and equipment	**—**	(156)	**—**	—	**—**	(7)	**—**	(146)	**—**	(28)	**—**	(337)
Restructure initiatives and other one-off costs	**(19,841)**	(42,670)	**(372)**	(194)	**(2,145)**	(2,243)	**(674)**	(348)	**(3,983)**	(4,631)	**(27,015)**	(50,086)
Onerous leases	**(6,982)**	(19,376)	**(146)**	—	**(1,790)**	(34)	**—**	(421)	**(696)**	(197)	**(9,614)**	(20,028)
Acquisition costs - IPMG Group	**—**	(339)	**—**	—	**—**	—	**—**	—	**—**	(7,676)	**—**	(8,015)
Impairment of intangible assets	**—**	(5,015)	**—**	—	**—**	(191)	**—**	(19,384)	**—**	—	**—**	(24,590)
Relocation of presses	**(5,430)**	(3,477)	**—**	—	**—**	—	**(72)**	—	**—**	—	**(5,502)**	(3,477)
Reversal/(impairment) of plant and equipment due to restructure initiatives	**868**	(34,767)	**—**	—	**—**	—	**—**	(1,315)	**—**	—	**868**	(36,082)
Total segment significant items of expense	**(31,385)**	(105,800)	**(518)**	(194)	**(3,935)**	(2,475)	**(746)**	(21,614)	**(4,679)**	(12,532)	**(41,263)**	(142,615)
Total segment significant items before income tax	**(29,621)**	(105,800)	**(518)**	(194)	**(3,784)**	(2,475)	**(757)**	(21,614)	**(4,679)**	(12,532)	**(39,359)**	(142,615)

20 Segmental information (continued)

(c) Other segment information

	Australia		New Zealand		Consolidated	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
i) Geographic Segments						
External sales *	**585,264**	445,993	**110,953**	119,822	**696,217**	565,815
Freight *	**28,615**	27,095	**9,136**	8,966	**37,751**	36,061
Other revenue *	**9,300**	7,513	**1,323**	1,387	**10,623**	8,900
Other revenue significant items	**1,915**	—	**(11)**	—	**1,904**	—
Total revenue	**625,094**	480,601	**121,401**	130,175	**746,495**	610,776
Non-current assets (excluding deferred tax assets and defined benefit plan asset)	**168,488**	187,755	**26,077**	27,759	**194,565**	215,514

* On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Refer to Changes in accounting policies.

ii) Disaggregation of revenue by major product and service offerings

The Group derives revenue at a point in time and over time. Set out below is the disaggregation of the Group's revenue from contracts with customers by operating segment.

	Print Group Australia		Distribution Australia		Marketing Services Australia		New Zealand		Consolidated	
	2018 $'000	2017* $'000	2018 $'000	2017* $'000	2018 $'000	2017* $'000	2018 $'000	2017* $'000	2018 $'000	2017* $'000
Segment Revenue										
Commercial and book printing	**422,259**	294,556	**—**	—	**—**	—	**83,910**	91,380	**506,169**	385,936
Distribution	**—**	—	**76,506**	76,194	**—**	—	**14,792**	15,304	**91,298**	91,498
Magazine distribution	**—**	—	**—**	—	**55,921**	58,444	**12,251**	13,138	**68,172**	71,582
Marketing services	**—**	—	**—**	—	**30,578**	16,799	**—**	—	**30,578**	16,799
Freight	**18,356**	14,971	**9,262**	10,636	**997**	1,488	**9,136**	8,966	**37,751**	36,061
Total sales revenue	**440,615**	309,527	**85,768**	86,830	**87,496**	76,731	**120,089**	128,788	**733,968**	601,876

* On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the financial year ended 30 June 2017. There was no impact on the loss for the period. Refer to Changes in accounting policies.

iii) Major customers

Included in Print Group Australia, Gordon & Gotch Australia and the New Zealand segments are sales revenue of approximately $155.2 million (13% of Group gross sales) which arose from sales to the Group's largest customer (2017: The sales revenue from this customer was $121.8 million, 12% of the Group's gross sales).

(d) Significant accounting policies

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.

YEAR ENDED 30 JUNE 2018

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 (defined contribution fund). Employees contribute to the plan at various percentages of their wages and salaries.

Employer contributions to superannuation plans in the year ended 30 June 2018 totalled $12,194,907 (2017: $9,841,245). The 2017 financial year 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 2018 was 9.5% (2017: 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 risks 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 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
21 Pension plans (continued)			
(a) Statement of financial position impact			
Defined benefit obligation		**(9,967)**	(10,330)
Less: fair value of plan assets		**12,089**	12,275
Net defined benefit plan asset	7	**2,122**	1,945
(b) Movement in net defined benefit plan asset			
Net defined benefit plan asset at start of year		**1,945**	1,687
Defined benefit plan cost		**(147)**	(178)
Remeasurements recognised in other comprehensive income		**145**	278
Employer contributions		**179**	158
Net defined benefit plan asset	7	**2,122**	1,945
(c) Reconciliation of the net defined benefit plan asset			
Net defined benefit plan asset at start of year		**1,945**	1,687
Current service cost		**(209)**	(227)
Net interest		**62**	49
Actual return on plan assets less interest income		**516**	989
Actuarial gains arising from changes in financial assumptions		**24**	118
Actuarial (losses) arising from liability experience		**(395)**	(829)
Employer contributions		**179**	158
Net defined benefit plan asset at end of year	7	**2,122**	1,945

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.

(d) Statement of financial position impact

An asset or liability in respect of the defined benefit fund is recognised in the Consolidated statement of financial position 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.

	PMP Group 2018 %	PMP Group 2017 %
(e) Actuarial assumptions		
The principal actuarial assumptions used in determining PMP's pension obligations are as follows:		
Discount rate	3.60	3.50
Expected salary increase rate	1.25	1.25

YEAR ENDED 30 JUNE 2018

22 Share-based payment plans

(a) Employee long term incentive plan

Share-based payment transactions are provided to employees via the PMP employee long term incentive plan ("LTI") and the former CEO's short term incentive plan ("STI").

Ordinary shares up to 5.0% (2017: 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:	1,815,232
Rights on issue (as a percentage of total shares on issue) as at 30 June 2018:	0.36%
Total number of employee performance rights issued during the year:	—
Total number of employee performance rights issued post balance date:	—

Performance rights

Allotment Date	1/10/2014 (i)	1/10/2015 (ii)	1/6/2016 (iii)	Total
On issue at beginning of year	1,398,408	3,000,000	1,815,232	6,213,640
Issued during the year	—	—	—	—
Exercised during the year	(699,204)	(1,456,650)	—	(2,155,854)
Lapsed during the year	(699,204)	(1,543,350)	—	(2,242,554)
On issue at end of year	**—**	**—**	**1,815,232**	**1,815,232**
Lapsed subsequent to balance date*	—	—	(1,815,232)	(1,815,232)
Outstanding at date of Directors' report	—	—	—	—
Number of participants (at balance date)	—	—	8	
Vesting date (Following the announcement of the)	FY17 results	FY18 results	FY18 results	
Fair value per right - TSR hurdle (iv)	$0.34	$0.30	$0.30	
Fair value per right - EBITDA hurdle (iv)	$0.47	$0.451	$0.48	

* 1,815,232 performance rights lapsed subsequent to 30 June 2018 due to TSR and EBITDA performance hurdle not being met over the performance period.

(i) 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 at nil cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY15, FY16 and FY17 as follows:

- PMP's Total Shareholder Return ("TSR") over the three year performance period comprising FY15, FY16 and FY17 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 FY15, FY16 and FY17 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 28 August 2017, following the announcement of the results to 30 June 2017 to the ASX, relevant performance hurdles for the three year period to 30 June 2017 were met resulting in 699,204 rights vesting, being 699,204 TSR rights with no EBITDA rights vesting as the hurdle was not met.

(ii) In October 2015, 3,000,000 rights were granted conditionally to former PMP MD and CEO, Mr George. This grant was approved by shareholders at the 2015 Annual General Meeting.

Performance rights entitle the former PMP MD and CEO to receive PMP shares at nil cost after vesting.

YEAR ENDED 30 JUNE 2018

22 Share-based payment plans (continued)

(a) Employee long term incentive plan (continued)

Rights will only vest if relevant performance hurdles described in (i) are achieved across the following three years FY16, FY17 and FY18 or an early vesting event occurs.

As at 1 December 2017 with the retirement of Mr George and in accordance with the terms of the PMP Long Term Incentive Plan and his Employee Service Agreement an early vesting event occurred and 1,456,650 TSR rights vested with no EBITDA rights vesting.

(iii) 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 cost after vesting. Rights will only vest if relevant performance hurdles described in (i) are achieved across the following three years FY16, FY17 and FY18.

These performance rights lapsed on 30 August 2018, following the announcement of the results for the year ended 30 June 2018. Neither the TSR nor the EBTIDA hurdles were met over the three year performance period.

(iv) 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 an EBITDA performance condition.

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

	1/10/2014 - Executives	1/10/2015 - CEO	1/6/2016 - Executives
Dividend yield	0.00%	6.00%	6.00%
Expected volatility	50%	45%	40%
Risk-free interest rate	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.
Share price at grant date	$0.47	$0.53	$0.54

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

(b) Former CEO STI

Mr George retired as PMP MD and CEO on 30/11/17. Under his Employee Service Agreement, he was eligible for a STI of up to 100% of his base remuneration of which 33.3% would 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 2018 financial year as the EBIT hurdle was not achieved (2017: Nil).

(c) Significant accounting policies

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.

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.

YEAR ENDED 30 JUNE 2018

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	
	2018 $	2017 $
Short-term employee benefits	**2,885,046**	4,145,244
Other long-term employee benefits	**301,988**	383,998
Post employment benefits	**132,750**	154,914
Termination payments [1]	**600,000**	—
Share-based payment [2]	**60,271**	273,223
Total compensation	**3,980,055**	4,957,379

(1) Mr George retired as Managing Director and Chief Executive Officer of PMP on 30/11/17.

(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:

		Payments/(receipts) transaction value for the year ended 30 June		Payable/(receivable) balance outstanding as at 30 June	
Director/Executive	Transaction	2018 $'000	2017 $'000	2018 $'000	2017 $'000
M Hannan	Property leases (i)	**10,682**	3,343	**—**	128
A O'Connor	Property leases (i)	**10,682**	3,343	**—**	128
T Sinclair	Waste removal services (ii)	**294**	—	**27**	—
W Tang	Creative services, catalogue printing and distribution (iii)	**(8,255)**	—	**(717)**	—
D Karai	Whistleblower reporting service (iv)	**7**	6	**—**	—

(i) Mr Hannan is a Non-Executive Director of PMP Limited and a beneficiary of Rathdrum Property Trust ("RPT"). Mr O'Connor is CEO of Print and Distribution Australia and a Key Management Person. He is also a beneficiary of RPT. Subsidiary companies of PMP Limited lease some properties from RPT. All leases expire on 30 June 2024. Properties leased are Geebung QLD (Inprint and PEP Central), Noble Park VIC (Hannanprint Victoria), Warwick Farm NSW (Hannanprint NSW) and Lidcombe NSW (Offset Alpine). PMP Group assumed responsibility for these leases when it acquired IPMG on 1 March 2017.

(ii) Mr Sinclair is a Non-Executive Director of Cleanaway Limited. He was appointed a Non-Executive Director of PMP Limited on 10 October 2017. Cleanaway Limited provides waste removal services to companies within the PMP Group. Amounts were billed at normal market rates for such services and payable under normal payment terms. The transaction value disclosed for the year ended 30 June 2018 is from the date of Mr Sinclair's appointment to 30 June 2018.

(iii) Ms Tang is a Non-Executive Director of JB Hi-Fi Limited. She was appointed a Non-Executive Director of PMP Limited on 10 October 2017. PMP Group distributes catalogues for JB Hi-Fi in Australia and prints and distributes catalogues for JB Hi-Fi Ltd in NZ. The PMP Group provides digital creative services, prints and distributes catalogues for The Good Guys, a subsidiary of JB Hi-Fi Limited. Amounts received by PMP Group were charged at normal market rates for such services and receivable under normal credit terms. The transaction value disclosed for the year ended 30 June 2018 is from the date of Ms Tang's appointment to 30 June 2018.

(iv) Ms Karai is a Partner at Grant Thornton Australia. Grant Thornton provides a whistleblower reporting service to PMP Limited. Amounts were billed at normal market rates for such services and payable under normal payment terms.

YEAR ENDED 30 JUNE 2018

23 Related parties (continued)

(d) Transactions with Key Management Personnel and their related parties (continued)

During the financial year the following subsidiary companies of PMP Limited incurred lease expenses in relation to RPT lease commitments.

	2018 $'000	2017* $'000
Offset Alpine Printing Pty Limited	**3,194**	1,026
Hannanprint NSW Pty Limited	**3,946**	1,171
Hannanprint Victoria Pty Limited	**1,127**	365
Inprint Pty Limited	**2,347**	759
PEP Central Pty Limited	**68**	22
	10,682	3,343

* The 2017 financial year represents the period post acquisition of IPMG from 1 March 2017 to 30 June 2017.

The maturity profile of total lease commitments to RPT to 30 June 2024 is as follows:

	2018 $'000	2017 $'000
- not later than one year	**10,994**	10,261
- later than one year but not later than five years	**47,373**	44,215
- later than five years	**12,744**	24,147
	71,111	78,623

(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.

YEAR ENDED 30 JUNE 2018

24 Business combination

Summary of acquisition

On 1 March 2017, PMP Limited acquired 100% of IPMG Holdco Pty Ltd and its subsidiaries, a print and digital services group operating in Australia. Details of the purchase, the net assets acquired and goodwill were provisionally disclosed in the Annual Report of PMP Limited as at 30 June 2017. Adjustments to provisional amounts have subsequently been made and additional liabilities recognised during the measurement period. The measurement period is one year from 1 March 2017, the acquisition date. The adjustments have arisen during the current reporting period to reflect new information about facts and circumstances that existed at acquisition date. Further calculations and market valuations have been performed resulting in adjustments being made to acquired receivables, inventory, deferred tax assets, payables, provisions and goodwill arising at the date of acquisition.

	$'000
(i) Purchase consideration and provisional goodwill on acquisition	
Shares in PMP Limited	128,760
Cash	6,321
Purchase consideration	**135,081**
Net assets acquired *	100,284
Adjustment to acquired:	
Receivables	(24)
Inventory	(362)
Deferred tax assets	2,465
Payables	93
Employee entitlement provisions	(136)
Other provisions	(2,442)
Revised net assets acquired	**99,878**
Revised goodwill on acquisition	**35,203**

* Includes cash and cash equivalents $11,134,010.

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.

	$'000
(ii) Reconciliation of goodwill on acquisition	
Carrying amount of goodwill on acquisition at the beginning of year	34,797
Adjustments to net assets acquired during the measurement period	2,871
Adjustments resulting from the subsequent recognition of deferred tax assets	(2,465)
Carrying amount of goodwill on acquisition at the end of year	**35,203**

YEAR ENDED 30 JUNE 2018	2018 Number '000	2017 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	**509,460**	379,850
Effect of dilutive securities:		
Share rights *	**—**	4,372
Weighted average number of shares used in the calculation of diluted earnings per share	**509,460**	384,222

* The weighted average number of exercised/lapsed share rights included is nil (2017: nil).

1,815,232 rights outstanding as at 30 June 2018 are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2018 (2017: 1,841,820).

YEAR ENDED 30 JUNE 2018	2018 $'000	2017 $'000
(b) Earnings		
Net loss after income tax	**(43,795)**	(126,427)
Loss used in calculating basic and diluted earnings per share	**(43,795)**	(126,427)

YEAR ENDED 30 JUNE 2018		NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
26 Cash flow statement notes				
(a) Reconciliation of cash flow from operating activities to operating loss after income tax				
Operating loss after income tax			**(43,795)**	(126,427)
Adjustments for non-cash items:				
Depreciation		2(e)	**30,696**	27,622
Amortisation		2(e)	**580**	927
(Reversal)/impairment of plant and equipment		2(b), 2(c)	**(868)**	36,082
(Credit)/provision for doubtful debts/bad debts written off		5(b)	**(44)**	842
Movement in provision for tax			**(24)**	—
Net (gain)/loss on disposal of plant and equipment		2(c)	**(1,961)**	193
Share-based payment plans		2(c), 17	**83**	158
Non-cash superannuation expense		21(b)	**147**	178
Impairment of intangible assets		2(b)	**—**	24,590
Other non-cash items			**(879)**	8,850
Change in assets and liabilities:				
Accounts receivable	Decrease/(Increase)		**25,400**	(21,845)
Inventories	Decrease/(Increase)		**1,815**	(21,228)
Liabilities	(Decrease)/Increase		**(19,760)**	65,651
Non-current assets	Decrease/(Increase)		**4,304**	(17,031)
Provision for employee benefits	(Decrease)/Increase		**(2,195)**	13,038
Prepayments	Decrease/(Increase)		**416**	(4,100)
Net cash flow (used in)/provided by operating activities			**(6,085)**	(12,500)
(b) Reconciliation of cash and cash equivalents				
Cash and cash equivalents			**54,418**	54,340
Total cash and cash equivalents			**54,418**	54,340

YEAR ENDED 30 JUNE 2018

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 program 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:

YEAR ENDED 30 JUNE 2018	NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
Financial assets			
Cash and cash equivalents	26(b)	**54,418**	54,340
Trade and other receivables	5	**91,924**	117,280
Derivative financial instruments	14	**3,238**	2,588
Other	7	**240**	240
		149,820	174,448
Financial liabilities			
Trade and other payables	11	**157,502**	173,838
Interest bearing liabilities	12(a), 12(b)	**88,686**	73,496
Derivative financial instruments	14	**121**	620
		246,309	247,954

(a) Significant accounting policies

The PMP Group trades internationally and 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 forecast 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.

YEAR ENDED 30 JUNE 2018

27 Financial instruments (continued)

(b) Hedging policy - overview

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.

(c) 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 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.

(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 2018		30 June 2017	
		Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	- AUD floating rate	**4.7%**	**(37,461)**	4.0%	(21,873)
Bank loans	- AUD fixed rate	**8.4%**	**(1,186)**	—	—
Bank loans	- EUR floating rate	**2.0%**	**(10,982)**	2.0%	(13,299)
Corporate Bond		**6.4%**	**(40,000)**	6.4%	(40,000)
Cross Currency Interest Rate Swaps					
	- receive EUR floating rate	**1.7%**	**10,982**	1.8%	13,299
	- pay AUD floating rate	**6.1%**	**(8,544)**	6.0%	(10,985)
Year end borrowing cost (excl. cash, fees & charges)		**5.7%**	**(87,191)**	5.3%	(72,858)
Cash and cash equivalents		**1.6%**	**54,418**	1.5%	54,340

As at balance date, the Group maintained floating rate borrowings of $46.0 million (2017: $32.9 million), that were not hedged by interest rate swaps. The associated interest rate risk is partially mitigated by expected free cash flow and intra-period movements in cash requirements. In 2018, the average borrowing rate excluding capitalised fees and charges was 5.6% (2017: 6.2%).

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 2018 $'000	PMP Group 2017 $'000
(ii) Fair value of cross currency swaps			
Australian Dollar / Euro cross currency interest rate swaps		**2,252**	2,064
Total fair value of cross currency swaps	14	**2,252**	2,064

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

At 30 June 2018, a $6,061 gain has been recorded in the Consolidated statement of profit or loss and other comprehensive income (2017: $3,580 gain).

YEAR ENDED 30 JUNE 2018

27 Financial instruments (continued)

(d) 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.

30 June 2018		PMP Group					
Interest bearing liabilities		Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000
Corporate Bond	- Australia	40,000	43,858	2,572	41,286	—	—
Bank Loans	- Australia	38,647	39,975	38,500	1,475	—	—
Bank Loans	- Euro	10,982	11,438	3,345	3,281	4,812	—
Cross Currency Swaps	- AUD/EURO (a)	(2,252)	(1,785)				
- inflows				(3,318)	(3,270)	(4,812)	—
- outflows				2,930	2,786	3,899	—
Forward FX Contracts							
- inflows		(1)	(673) (b)	(673)	—	—	—
- outflows		(864)	35,506 (b)	35,506	—	—	—
Prepaid finance costs		(943)	—	—	—	—	—
Payables		157,502	157,502	157,502	—	—	—
Total		**243,071**	**285,821**	**236,364**	**45,558**	**3,899**	**—**

30 June 2017		PMP Group					
Interest bearing liabilities		Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000
Corporate Bond	- Australia	40,000	46,430	2,572	2,572	41,286	—
Bank Loans	- Australia	21,873	22,664	18,149	2,972	1,543	—
Bank Loans	- Euro	13,299	14,007	3,210	3,150	7,647	—
Cross Currency Swaps	- AUD/EURO (a)	(2,064)	(1,271)				
- inflows				(3,180)	(3,141)	(7,647)	—
- outflows				3,060	2,929	6,708	—
Forward FX Contracts							
- inflows		(22)	(1,083) (b)	(1,083)	—	—	—
- outflows		118	40,202 (b)	40,202	—	—	—
Prepaid finance costs		(1,676)	—	—	—	—	—
Payables		173,838	173,838	173,838	—	—	—
Total		245,366	294,787	236,768	8,482	49,537	—

(a) 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(c)(ii).

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

YEAR ENDED 30 JUNE 2018

27 Financial instruments (continued)

(e) 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 dependent 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 and the Great British Pound.

Foreign exchange risk that arises from firm commitments or highly probable transactions are managed primarily through the use of forward foreign currency derivatives. A portion of these transactions are hedged (such as the purchase of paper 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Euro borrowings	**10,982**	13,299	**—**	—
Cross Currency Swap	**(10,982)**	(13,299)	**—**	—
	—	—	**—**	—

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

		Average exchange rate		PMP Group	
		2018 $	2017 $	2018 $'000	2017 $'000
United States Dollars	- less than one year	**0.792**	0.738	**9,490**	10,589
UK Pounds	- less than one year	**0.561**	—	**24**	—
UK Pounds receivables	- less than one year	**0.560**	0.578	**(673)**	(1,083)
Euro	- less than one year	**0.631**	0.684	**19,909**	20,343
				28,750	29,849

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

		Average exchange rate		NZ Dollars		AUD $ Equivalent PMP Group	
		2018 $	2017 $	2018 NZD $'000	2017 NZD $'000	2018 $'000	2017 $'000
United States Dollars	- less than one year	**0.716**	0.712	**3,197**	5,355	**2,936**	5,096
Euro	- less than one year	**0.578**	0.638	**3,288**	4,386	**3,019**	4,174
				6,485	9,741	**5,955**	9,270

YEAR ENDED 30 JUNE 2018		NOTES	PMP Group 2018 $'000	PMP Group 2017 $'000
27 Financial instruments (continued)				
(e) Foreign exchange management (continued)				
(iv) Fair value of forward exchange contracts				
Australian entity	- foreign exchange contracts relating to receipts		**1**	22
Australian entity	- foreign exchange contracts relating to payments		**695**	2
New Zealand entity	- foreign exchange contracts relating to payments		**169**	(120)
Total fair value of forward exchange contracts			**865**	(96)
Comprised of:				
Financial assets	- current	14	**986**	524
Financial liabilities	- current	14	**(121)**	(620)
Total fair value of forward exchange contracts			**865**	(96)

At 30 June 2018, a $27,000 debit (2017: $0.2 million debit) has been recognised within the Consolidated statement of profit or loss and other comprehensive income and a $0.6 million credit, excluding tax effect (2017: $0.8 million debit) is included within the cash flow hedge reserve in equity. $0.2 million credit was transferred to inventory during the financial year ended 30 June 2018 (2017: $0.1 million credit).

YEAR ENDED 30 JUNE 2018

27 Financial instruments (continued)

(e) Foreign exchange 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	0.738	0.811	0.670
Euro	0.634	0.698	0.576
New Zealand dollar to:			
United States dollar	0.677	0.745	0.616
Euro	0.582	0.641	0.529

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	
	2018 $000	2017 $000
If there was a 10% increase in exchange rates with all other variables held constant - (decrease)	**(1,562)**	(2,149)
If there was a 10% decrease in exchange rates with all other variables held constant - increase	**3,330**	2,331

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.

(f) 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 counterparty, 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 2018

27 Financial instruments (continued)

(g) 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 (before significant items) below 1.5 times, and at 30 June 2018 was at 0.8 times
- EBITDA (before significant items) to borrowing costs of greater than 4.0 times, and at 30 June 2018 was at 6.0 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 operates in, we believe that the investors expect PMP to maintain a lower level of gearing.

(h) Fair values

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

(i) 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 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	**—**	**865**	**—**	**865**
Cross Currency Swaps	**—**	**2,252**	**—**	**2,252**
Total financial derivatives	**—**	**3,117**	**—**	**3,117**

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

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. 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 2018

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 ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 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

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 2018

30 Parent

As at, and throughout the 2018 financial year, the parent company of PMP Group was PMP Limited.

YEAR ENDED 30 JUNE 2018	PMP Limited 2018 $'000	PMP Limited 2017 $'000
Financial performance of the parent		
Loss after tax	**(51,565)**	(124,867)
Other comprehensive income	**101**	195
Total comprehensive loss	**(51,464)**	(124,672)
Financial position of the parent at year end		
Current assets	**65,879**	56,424
Non-current assets	**206,859**	264,753
Total assets	**272,738**	321,177
Current liabilities	**127,160**	124,651
Non-current liabilities	**1,248**	815
Total liabilities	**128,408**	125,466
Net assets	**144,330**	195,711
Total equity of the parent comprising of:		
Contributed equity	**482,433**	481,758
Accumulated losses	**(371,348)**	(319,884)
Share-based payment reserve	**257**	849
Dividend reserve *	**32,988**	32,988
Total equity	**144,330**	195,711

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

	PMP Limited	
YEAR ENDED 30 JUNE 2018	2018 $'000	2017 $'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	**1,814**	1,596
- later than one year but not later than five years	**2,357**	3,767
- later than five years	—	—
Total operating lease rentals (lessee)	**4,171**	5,363
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 2018 by $59.8 million (2017: $118.5 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 wind-up 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 2018 (2017: $nil).

PMP Limited
ABN 39 050 148 644

Level 1, 100 Harris Street
Pyrmont NSW 2009
Australia

Telephone +61 2 9412 6111

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 Corporations (Wholly-owned Companies) Instrument 2016/785. 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 Instrument 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
Chair

Kevin Slaven
Chief Executive Officer and Managing Director

Sydney, 17th September 2018

Deloitte.

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

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

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

Independent Auditor's Report to the Members of PMP Limited

Report on the 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 2018, 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 2018 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.

Deloitte.

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

Carrying value of property, plant and equipment and intangible assets including goodwill
 	
As at 30 June 2018 the consolidated statement of financial position includes property, plant and equipment of $154.3 million and goodwill and other intangible assets of $37.7 million as disclosed in Notes 8 and 9.
 	
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;
	  ○ 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 to the financial statements.

Recoverability of Deferred Tax Assets relating to carry forward losses As at 30 June 2018 the Group has recorded a deferred tax asset of $35.1 million in relation to carry forward tax losses incurred by the Group as disclosed in Note 10. Significant judgement is 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;

Deloitte.

	• assessing 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 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report 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.

Responsibilities of the Directors 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:

Deloitte.

- 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.

- 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.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 46 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of PMP Limited, for the year ended 30 June 2018, 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

JL Gorton

JL Gorton
Partner
Chartered Accountants
Sydney, 17 September 2018

		2014	2015 <a>	2016	2017 <d><g> (Restated)	2018 <g>	% change
SALES REVENUE							
PMP Australia	A$ mill	439.9	392.3	—	—	**—**	—
Print Group Australia <e>, <g>	A$ mill	—	—	199.7	309.5	**440.6**	42.4
Distribution Australia <g>	A$ mill	—	—	—	86.8	**85.8**	(1.2)
Distribution & Marketing Services <e>, <g>	A$ mill	—	—	134.9	—	**—**	—
Gordon & Gotch Australia <g>	A$ mill	298.4	268.5	345.8	—	**—**	—
Marketing Services Australia <g>	A$ mill	—	—	—	76.7	**87.5**	14.0
PMP New Zealand	A$ mill	160.9	150.9	135.6	128.8	**120.1**	(6.8)
Total Sales Revenue	A$ mill	899.2	811.7	816.0	601.9	**734.0**	21.9
PROFITABILITY							
PMP Australia	A$ mill	46.8	41.3	—	—	**—**	—
Print Group Australia <e>, <g>	A$ mill	—	—	26.4	16.9	**24.3**	43.6
Distribution Australia <g>	A$ mill	—	—	—	3.0	**2.9**	(3.2)
Distribution & Marketing Services <e>, <g>	A$ mill	—	—	10.6	—	**—**	—
Gordon & Gotch Australia <g>	A$ mill	3.7	3.5	2.9	—	**—**	—
Marketing Services Australia <g>	A$ mill	—	—	—	3.6	**6.3**	75.4
PMP New Zealand	A$ mill	17.6	18.6	15.0	12.4	**10.6**	(14.7)
Corporate	A$ mill	(4.7)	(5.3)	(3.7)	(3.8)	**(3.5)**	5.9
Total EBITDA (before significant items)	A$ mill	63.4	58.1	51.2	32.2	**40.6**	26.0
Total EBIT (before significant items)	A$ mill	28.8	26.4	23.3	3.7	**9.4**	153.9
NPAT post significant items	A$ mill	3.4	8.0	0.2	(126.4)	**(43.8)**	—
PMP Australia EBITDA*/sales	%	10.6	10.5	—	—	**—**	—
Print Group Australia EBITDA*/sales	%	—	—	13.2	5.5	**5.5**	0.9
Distribution Australia EBITDA*/sales	%	—	—	—	3.5	**3.4**	(2.0)
Distribution & Marketing Services EBITDA*/sales	%	—	—	7.9	—	**—**	—
Gordon & Gotch Australia EBITDA*/sales	%	1.2	1.3	0.8	—	**—**	—
Marketing Services Australia EBITDA*/sales	%	—	—	—	4.7	**7.2**	53.8
PMP New Zealand EBITDA*/sales	%	10.9	12.3	11.1	9.6	**8.8**	(8.5)
Total EBITDA*/sales	%	7.1	7.2	6.3	5.4	**5.5**	3.4
OTHER							
Net cash (used in)/provided by operating activities	A$ mill	35.5	33.2	32.0	(12.5)	**(6.1)**	51.3
Earnings per ordinary share (basic)	cents	1.1	2.5	0.1	(33.3)	**(8.6)**	—
Earnings per ordinary share (diluted)	cents	1.1	2.5	0.1	(32.9)	**(8.6)**	—
Dividend per share (paid)	cents	—	—	<b> 3.0	<f> 2.4	**—**	—
Total assets	A$ mill	502.7	469.5	476.9	570.0	**518.3**	(9.1)
Total net debt/(net cash)	A$ mill	51.7	16.3	(0.7)	18.5	**32.8**	—
Total shareholders equity	A$ mill	264.8	<a> 270.5	259.4	255.1	**210.4**	(17.5)
Net debt/Equity Ratio	%	19.5	6.0	—	7.3	**15.6**	—
Interest Cover <c>	times	5.1	6.5	8.5	6.3	**6.0**	(5.5)
Depreciation	A$ mill	34.0	31.0	27.1	27.6	**30.7**	(11.1)
Amortisation	A$ mill	0.6	0.8	0.8	0.9	**0.6**	37.4
Capital Expenditure	A$ mill	5.2	5.5	4.2	2.0	**9.0**	—
Employees Full Time	No.	1,360	1,260	1,248	1,980	**1,806**	(8.8)

Note:

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

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

NPAT - Net profit after tax.

* Before significant items.

<a> 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.

<b> 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).

<c> EBITDA before significant items / Interest.

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

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

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

<g> During 2018, PMP changed its segment reporting structures due to a change in the internal reporting structure after the acquisition of IPMG Holdco Pty Ltd and its subsidiaries. Marketing Services Australia includes Gordon & Gotch Australia and the digital businesses. Previously Gordon & Gotch Australia was a discrete operating segment and Distribution, Griffin Press and the digital businesses were combined as Distribution & Marketing Services in 2017. Distribution is now a discrete operating segment and Print Group Australia includes Griffin Press. There has been no change to the New Zealand operating segment. Comparatives have been restated for 2017. On 1 July 2017, PMP Limited adopted *AASB 15 Revenue from Contracts with Customers*, resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2017.

SHAREHOLDER INFORMATION

ALISTAIR CLARKSON

B Com LLB MBA ACIS GradDipACG

COMPANY SECRETARY
APPOINTED 24 APRIL 2009

THE PMP LIMITED ANNUAL GENERAL MEETING

will be held at 11am on Thursday 22 November 2018 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 6111

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/easyupdate/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/easyupdate/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

Substantial Shareholders of Ordinary Shares (as reported to the ASX)	Number of Shares	% Voting Power
Michael Hannan, Lindsay Hannan, Sayman P/L, Adrian O'Connor, Richard O'Connor, James Hannan	187,970,295	36.84
Allan Gray Investment Management	84,695,386	16.60
Fraser & Neave	39,020,117	7.65
Lazard Asset Management Pacific Co	32,678,118	6.41

Twenty Largest Shareholders*	Number of Shares	% of Total Issued
Citicorp Nominees Pty Limited	86,403,325	16.94
Mr Lindsay Hannan	70,005,663	13.72
HSBC Custody Nominees (Australia) Limited	64,039,006	12.55
Mr Adrian O'Connor + Mr Richard O'Connor	46,597,836	9.13
Mr Michael Hannan	40,092,497	7.86
J P Morgan Nominees Australia Limited	37,693,403	7.39
Sayman Pty Limited <Lindsay Hannan Family A/C>	23,255,799	4.56
National Nominees Limited	14,168,412	2.78
BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	10,148,737	1.99
Sandhurst Trustees Ltd <Wentworth Williamson A/C>	9,390,829	1.84
Mr James Hannan	8,018,500	1.57
HSBC Custody Nominees (Australia) Limited - A/C 2	5,695,778	1.12
Wattle Laboratories Pty Ltd <Advanced Culture Systems A/C>	4,500,000	0.88
Mr Peter George	2,393,037	0.47
Wattle Laboratories Pty Ltd <Advanced Culture Systems A/C>	2,056,709	0.40
BNP Paribas Noms Pty Ltd <DRP>	2,050,832	0.40
Miss Yan Li	1,100,000	0.22
BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient DRP>	1,060,028	0.21
Mr Mark Herdman + Mrs Heather Fletcher Herdman <The Constantia A/C>	900,000	0.18
Dr Owen Morgan	813,784	0.16
Totals: Top 20 Holders of Fully Paid Ordinary Shares	430,384,175	84.36
Total Remaining Holders Balance	79,799,504	15.64

* Ungrouped

Distribution of Shareholders	Number of Shareholders	Number of Shares	% of Issued Capital
1 - 1,000	690	384,168	0.08
1,001 - 5,000	1,545	4,334,483	0.85
5,001 - 10,000	463	3,708,424	0.73
10,001 - 100,000	1,084	39,784,718	7.80
100,001 and over	170	461,971,886	90.54
Total number	3,952	510,183,679	100
Unmarketable Parcels:	1,314	1,474,472	

Shares on issue	510,183,679

Voting Rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote, and upon a poll, the vote for each fully paid share held.

PMP LIMITED

PMP PRINT
PMP DIGITAL
PMP DISTRIBUTION
PMP MAXUM
BOLTON PRINT
INPACK PACKAGING SOLUTIONS
Griffin Press
SBM
PEP
traction DIGITAL
SPECTRUM GROUP
GGA DIGITAL
Gordon and Gotch

PAPER SOURCING

The 2018 Annual Report was designed and printed by SBM.

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.

The paper used in this report is produced from responsible sources, is manufactured under an ISO14001 compliant environmental management system and uses elemental chlorine free, FSC® certified pulp.

FSC® www.fsc.org
MIX
Paper from responsible sources
FSC® C009448

ABN 39 050 148 644

Level 1, 100 Harris Street,
Pyrmont NSW 2009

+ 61 2 9412 6111

pmplimited.com.au