2017 TAX TRANSPARENCY REPORT

Tax Transparency Code Part A

Income Tax Expense/(Benefit) and Taxes paid/payable disclosure

1) Tax Benefit as presented in statutory accounts

YEAR ENDED 30 JUNE 2017	PMP Group 2017 $'000
Income tax	
(a) Reconciliation of income tax benefit	
Loss before income tax	**(144,019)**
Prima facie income tax benefit thereon at 30%	**(43,206)**
Tax effect of non temporary and other differences:	
Effect of differences in overseas tax rate	**300**
Income tax (over) provided in previous year	**80**
Non deductible items for tax purposes	**10,208**
Benefit of tax losses not brought to account	**15,026**
Income tax benefit attributable to loss	**(17,592)**
Major component of income tax benefit:	
Current tax benefit	**(13,353)**
Deferred tax benefit	**(4,239)**
Income tax benefit attributable to loss	**(17,592)**

Additional notes:

The overseas tax rate difference accounts for the book loss of the New Zealand group being taxed at 28% rather than 30% (noting this loss included the non deductible goodwill impairment, such that overall New Zealand had taxable income (before use of tax losses).

The benefit of tax losses not brought to account represents the estimated Australian tax loss for the 2017 year not brought to account. A deferred tax expense arises as there has been no increase in the Australian Deferred Tax Asset.

2) Tax Expense/(Benefit) composition

	PMP Group 2017 $'000
Current tax benefit comprises	
Total net reduction in current year tax losses	**(13,336)**
Prior year tax movement (including temporary differences)	**(39)**
Overseas taxes movement	**22**
	(13,353)
Deferred tax benefit comprises	
Movement in deferred taxes, including prior year adjustments	**(19,300)**
Prior year adjustment to increase tax losses not recognised	**35**
Current year tax loss not recognised	**15,026**
	(4,239)

3) Effective tax rate (ETR)

	PMP Group 2017 $'000	Australian Closed Group 2017 $'000
Loss before tax	**(144,019)**	**(145,485)**
Total Tax Benefit	**(17,592)**	**(18,860)**
Adjust for the effect of tax losses not recognised	**(15,026)**	**(15,026)**
and prior year taxes over provided	**(80)**	**(84)**
Adjust for one off non deductible costs relating to goodwill		
impairment and merger transaction costs	**(9,344)**	**(3,941)**
Adjust for non assessable foreign dividends and non		
deductible impairment of foreign investments	**-**	**(4,956)**
Notional tax benefit	**(42,042)**	**(42,867)**
ETR	**29.2%**	**29.5%**

The ETR is calculated by dividing total income tax expense/(benefit) by total profit/(loss) before income tax , however given that the Australian tax losses are not being recognised (and have not been recognised since 2013) the impact of this and prior year adjustments have been taken into account so that a meaningful ETR can be disclosed.

In 2017 the one off non deductible costs also need to be adjusted to obtain a more meaningful ETR.

In addition to these adjustments, the Australian closed group ETR also needs to be adjusted for the non assessable dividends from New Zealand and non deductible impairment of its foreign investments so that a meaningful ETR can be disclosed.

The group ETR of 29% is in line with the corporate Australian tax rate of 30% and the corporate New Zealand tax rate of 28% (and consistent with prior years).

4) Taxes paid/taxes payable

The income taxes paid in the 2017 financial year of $32K related to $3K of tax due in New Zealand for Non Resident Insurers tax, $3K for June 16 Australian franking deficits tax, and $26K for other overseas taxes paid in respect of companies acquired from IPMG on 1 March 2017, being companies operating in Singapore, India and England.

The income taxes payable in 2016 of $22K include this same New Zealand tax due of $4K, plus $18K due for current year taxes in England and India.

Due to historic tax losses in Australia, and subsequent tax losses incurred in both Australia and New Zealand before transformation, it is expected that no other income taxes will be payable for around 2 years in New Zealand and for around 5 years in Australia.

In arriving at the estimated current year tax losses utilised in New Zealand of $1.69M and the estimated tax loss incurred in Australia of $15M (being a tax loss not recognised) the following material temporary and non temporary differences have been taken into account in respect of the net $13.3M tax loss reduction:

		PMP Group
		2017
		$'000
Loss before income tax		**(144,019)**
Prima facie income tax benefit thereon at 30%		**(43,206)**
Tax effect of non temporary and other differences:		
Effect of differences in overseas tax rate		**300**
Non tax deductible non temporary items:		
Amortisation and impairment of intangibles	7,198	
Acquistion costs relating to the merger	2,146	
Other non deductible costs	864	**10,208**
less other non deductibles not affecting current tax payable		**(538)**
Tax effect of temporary differences:		
Capital allowances	3,867	
Losses on asset disposals/impairments	7,332	
Provision movements	6,067	
Stock valuation	2,843	
Lease surrender payments	(300)	
Amortisation of rebates	191	
Other	(109)	**19,900**
Total net reduction in tax losses		**(13,336)**
Add back Australian tax losses not recognised		**15,026**
New Zealand current year loss utilisation		**1,690**
Add prior year New Zealand loss utilisation recognised 2017		**(13)**
Total utilisation of losses in Deferred Tax Asset (DTA)		**1,677**

Tax Transparency Code Part B

Tax policy, tax strategy and governance summary

In the Ethical Business Conduct document published on the Corporate Governance section of PMP's website, the following is part of that Code of Conduct:

PMP will continually strive to be a good corporate citizen, including complying with laws and regulations of Australia, New Zealand and other foreign countries it operates in (noting these other foreign operations are not material to the PMP group). In addition PMP seeks to comply with all state and territory taxes in Australia and overseas.

Further to this, the following is documented in the PMP Policy and Procedure manual:

The PMP consolidated group aims to ensure it pays its fair and correct share of income tax, and other taxes, based on the relevant taxation legislation in the two countries it now operates in, being Australia and New Zealand. In this regard PMP is risk averse in relation to the taxation treatment to be adopted, and will seek external advice and if considered necessary, based on that advice, private rulings or determinations from the relevant tax authorities.

PMP has a tax policy framework in place which is reviewed from time to time. In this regard PMP has historically openly engaged in the past with the Australian Taxation Office ("ATO") -and New Zealand Inland Revenue Department - to resolve all matters and is currently rated "low risk" in respect of both income tax and GST by the ATO.

Tax contribution summary

PMP generated a tax loss in Australia for the 2017 year and has therefore paid no income taxes in 2017 (as disclosed in Part A), as with prior years. In New Zealand, PMP utilised part of its tax losses and therefore also paid no income taxes in 2017 (other than paying A$4K for non resident insurers tax). A$26K was also paid for other foreign income taxes.

PMP employs around 1500 employees in Australia (this having increased substantially after PMP's merger with the IPMG group on 1 March 2017 with the following figures including the four months of PMP ownership) and around 400 employees in New Zealand. As a large employer it has contributed $6.4 million of Australian state payroll tax on 2017 wages. PMP has also collected and remitted on behalf of the ATO, and the IRD, substantial PAYG/PAYE withholding tax being $32.1 million of taxes withheld from Australian employee wages and NZ$6.5 million from New Zealand employee wages for the 2017 tax year.

PMP collects and remits GST on behalf of the ATO and the IRD. The Australian GST collected on 2017 annual sales (but not borne by PMP) less GST claimed on inputs was also substantial, being net GST paid to the ATO of $26.6 million (including the four months of GST paid by the IPMG companies under PMP's ownership in the 2017 tax year). Likewise in New Zealand the net GST paid to the IRD for the 2017 year was NZ$2.4 million.

PMP has not been subject to any other material federal or state government taxes in Australia or New Zealand during 2017 (with immaterial amounts of fringe benefits tax paid). PMP has since 1 March 2017 had ownership of companies operating in India, Singapore and England, but no material taxes have been paid in these countries (noting the $26K in corporate taxes paid as set out above).

International related party dealings summary

PMP's Australian operations have no international related party dealings of a material nature with its overseas operations, and accordingly there is no material impact on the Australian taxable income with respect to these dealings. PMP Australia has minimal cross border sales or purchases with its overseas entities, but PMP Australia does however charge appropriate fees for financing and management assistance provided to these overseas entities, which it considers to be arm's length in nature. Full transfer pricing documentation is held by PMP in respect of these dealings.

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