2013 Annual Report

PMP LIMITED

ABN 39 050 148 644

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 9:30am on
Wednesday 20 November 2013 at:

The Menzies Hotel Sydney
14 Carrington 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.

Telephone 02 9412 6000
Facsimile 02 9413 3942
Email geoff.stephenson@pmplimited.com.au
ASX Code PMP

SHARE REGISTRY

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Adelaide SA 5000
GPO Box 1903
Adelaide SA 5001

Enquiries within Australia 1300 556 161
Enquiries outside Australia +61 3 9415 4000
Email web.queries@computershare.com.au
Website www.computershare.com

BOARD OF DIRECTORS

Matthew Bickford-Smith
Chairman

Peter George
CEO and Managing Director

Peter Margin
Non-Executive Director

Goh Sik Ngee
Non-Executive Director

Naseema Sparks
Non-Executive Director

PMP LIMITED ABN 39 050 148 644
Level 12 67 Albert Avenue Chatswood New South Wales 2067 • Tel: 02 9412 6000
Fax: 02 9413 3942 • **pmplimited.com.au**

Company Profile

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

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

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

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

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

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

PMP LIMITED

ABN 39 050 148 644

CHAIRMAN'S REVIEW

MATTHEW BICKFORD-SMITH
Chairman

The Board has set a clear strategy to transform PMP into a leaner, stronger and more competitive industry leader.

Dear shareholders,

Since I assumed the role of Chairman of PMP Limited in November 2012, and following the appointment of Peter George as CEO, your Board and the Management Team have been firmly focused on continuing to implement and enhance the strategy to transform PMP into a leaner, stronger and more competitive industry leader.

Your Board is conscious that the company's financial performance over the past few years has been significantly below expectations. In response to this and challenging marketplace conditions we have reacted decisively with our Australian Transformation program. This continues the change in strategic intent previously signalled in moving from the distracting ambition of trying to be a leading marketing and media services company, to focusing on our core expertise in print and distribution.

I am pleased to be able to report that our financial results for the 2013 financial year show some early signs of the effectiveness of the new strategy. Earnings Before Interest and Tax (before significant items) increased by more than 5% over the previous year to $34.4M, and we were able to reduce our Net Debt by almost 38% to $89.1M. However despite recording a Net Profit (before significant items) of $14.8M, an increase of over 68% compared to last financial year, significant items were substantial and resulted in a Net Loss (after significant items) of $69.7M.

These significant items amounted to $88.5M, the majority of which were non-cash and principally comprise of the goodwill of the PMP Australia cash generating unit and a write-down in the value of presses sold. The cash significant items related to the costs incurred as a result of the major changes that have been instituted over the last year as we pursue our turnaround strategy.

Strategy

Our corporate strategy has three goals: to transform the company's uncompetitive cost base; to reduce financial risk significantly; and to build a more sustainable business which provides total customer solutions on a national basis at competitive prices.

The company's cost base has now been significantly reduced, initially with the successful completion of the New Zealand Transformation Plan, and more recently with Phases One and Two of the Australian Transformation Plan. As a result of Phase Two, $37.1M of annualised savings have been realised from the company's cost structure. Phase Three is currently being formulated and is intended to be completed during the FY14 financial year.

As I have already mentioned, Net Debt has been substantially reduced by utilising part of the proceeds from asset sales and the company's lease-back program which delivered proceeds of $74.8M. This has significantly changed our financial risk profile as the company now has Net Debt to EBITDA (before significant items) of 1.2 times, down from 1.9 times. However more work is still to be done in this area to improve our position further.

The Board has recognised that the company was not suitably structured to enable it to maximise our inherent competitive strengths, and during the year the Management Team successfully reconfigured an inefficient siloed structure with a more unified, flatter, functional organisation that is more efficient and cost effective. Functional overlapping and duplication has been removed delivering increased efficiency and reducing the fixed cost base of the business. Consequentially productivity has improved thus enhancing the company's ability to price its services competitively.

The challenge now is to build a sustainable and more profitable company and we believe this can be achieved through a consistent and unwavering focus on costs and competiveness which will deliver more acceptable returns for shareholders.

Industry

PMP continues to operate in a challenging industry which is currently characterised by manufacturing overcapacity, highly competitive industry participants, coupled with depressed consumer activity, leading to weak pricing. However PMP, as industry leader, has a number of key competitive strengths that provide it with a market advantage. Your Board is of the view that at some point the industry will need to rationalise and we are determined to have the company well positioned to take advantage of any opportunities that may arise when this occurs.

Dividends/Capital Management

Given that the company is at a crucial point on its recovery journey, and considering the very challenging industry conditions in which the company is currently operating, your Board is of the view that the focus for the coming year should be to continue to pay down debt. However the Board is very keen to reward shareholders' patience and reinstate dividend payments as early as possible.

Outlook

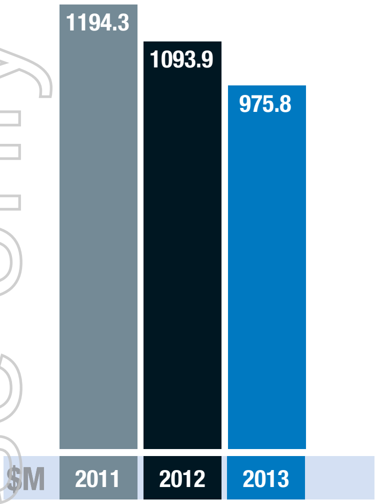
The company expects the business environment in FY14 to remain challenging with industry trends and competitive activity continuing. Phase Two Transformation Plan savings will flow through into FY14, and the successful implementation of Phase Three will be necessary to support the achievement of the FY14 results. Guidance on the current year will be provided at the AGM in November.

In closing I would like to draw your attention to the Directors' Report on Pages 18 to 38 (which incorporates the Remuneration Report on pages 27 to 38), and the Sustainability Report on pages 12 to 15. These reports contain information which I am sure will be of interest to shareholders.

It has been a particularly difficult year for the company as we work to reinvigorate and strengthen the business. I would like to thank our Management Team for all their contributions and efforts made so far in turning around the performance of our company. I would also like to recognise the contributions made by all our employees who have continued to support the company through a very difficult time.

Matthew Bickford-Smith
Chairman

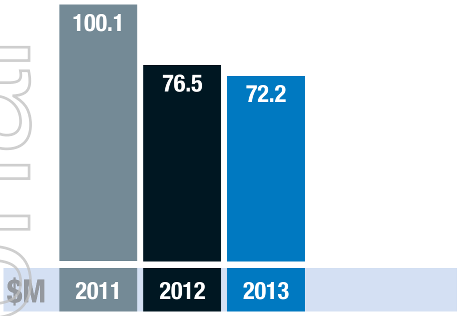
FY13 HIGHLIGHTS



Operating Revenue

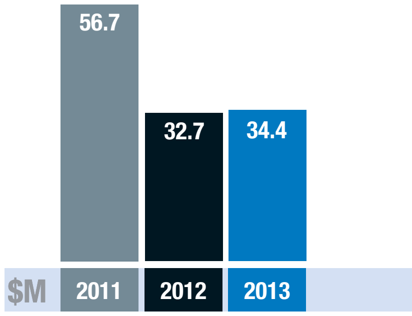
FY13 was an encouraging result

- Underlying EBIT (before significant items) up 5.1% to $34.4M; top end of guidance range
- Strong positive cash flow $54.2M (versus – $2.3M FY12)
- Net debt significantly reduced to $89.1M ($143.3M FY12) – ahead of guidance
- Major Heatset customer contracts secured; market share gains with Tier 1 and 2 customers
- New Zealand, Distribution Australia and Digital all recorded improved EBIT (before significant items) results
- Print Australia EBIT fell as transformation savings were offset by lower volumes and prices
- Focus on free cash flow and debt reduction



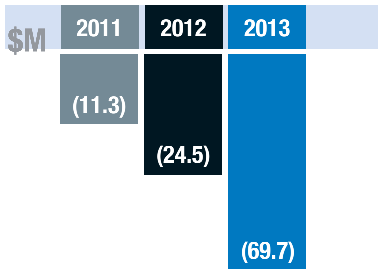
EBITDA before significant items

- Above market guidance
- Revenue down 10.8% Heatset, Gordon and Gotch
- Margin pressure in print
- Volume declines (publishing and retail)



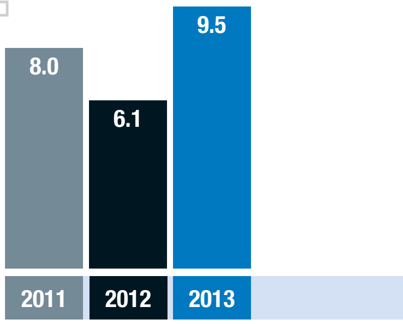
EBIT before significant items

- Above market guidance and up 5.1%
- Strong Transformational outcomes offset margins/volumes



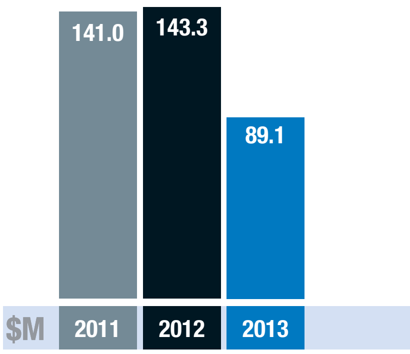
Net (loss)/profit after significant items

- Transformation underway and delivering benefits
  - $37.1M of annualised cost savings
  - Phase 2 completed – cost $27M, saving $37.1M with $13.6M in FY13
  - Proceeds of $74.8M received from assets and properties sold, four sites leased back
  - Phase 3 under review



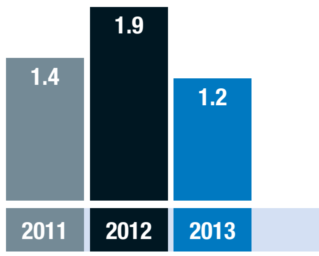
Safety

- LTIFR 9.5 v 6.1
- Focus on internal capability
- Certification achieved against SafetyMAP – Advanced



Net Debt

- Free cashflow $54.2M:
  - Net asset proceeds $74.8M
  - Strong cash control continues



Net debt/EBITDA before significant items

- Interest cover (EBITDA/Interest) 4.8 versus 4.9 June 2012

Focus on building a more consistent, sustainable and profitable PMP

- Leading print and distribution company in Australasia – back to core, simplified, integrated and national
- Challenging market conditions and competitive activity: weak consumer spending, industry overcapacity.
- Growth drivers: catalogues – resilient and relevant to retailers; cross sell; market share gains; innovation
- Phase 3 transformation under review
- Market evolving to intergrated campaigns using online and traditional media offerings, underpinning demand for PMP's products and services
- Well positioned for industry rationalisation

Key Financials FY13

$M	2013	2012	Variance %
Operating Revenue	**975.8**	1,093.9	(10.8)
EBITDA (before significant items)	**72.2**	76.5	(5.7)
EBIT (before significant items)	**34.4**	32.7	5.1
Net profit (before significant items)	**14.8**	8.8	68.7
Net (loss)/profit (after significant items)	**(69.7)**	(24.5)	
Free Cash Flow	**54.2**	(2.3)	
Net Debt	**(89.1)**	(143.3)	37.8
Net Debt/EBITDA (before significant items)	**1.2** times	1.9 times	

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PMP Australia

Printing

- Publishing, retail and book volumes decline. Industry overcapacity affects prices
- Chullora site shut, contract volumes at Moorebank till June 2016
- Tighter cost control, lower headcount and completion of internal press relocations
- Secured major print and book contracts as well as new work

Distribution

- Improved profit despite lower revenues
- Cancelled campaigns and volume reduction from exiting major retailers impacted revenue
- Transformation plan reduced salary costs
- Secured major long term contracts and won major group package job

Digital/Marketing Services

- PMM sold to Experian Dec 12
- Transformation plan delivered cost savings through redundancies
- Major DMarketer contract signed. Phase 1 delivery and training completed
- Successful negotiation of existing Tier 1 Photography contract for further year
- Reductions in sales from existing customers
- Increased competitor activity, aggressive pricing

PMP New Zealand

Printing

- Transformation cost savings delivered
- Significant productivity improvements delivered in both blue and white collar roles
- The Sales team's simplified functional structure is gaining momentum
- Growth in market share continued, competitive and shrinking market
- Sheetfed benefitting from additional volumes post GEON collapse in Q4 2012

Distribution

- Growth in retail catalogue market share
- Growth in suburban Newspaper market share
- Significant operational efficiencies from the combined Print and Letterbox Distribution offer
- Tight cost control and benefit of new freight and rural network arrangements

Gordon and Gotch

- Net sales decline – magazine circulation and title closures
- Logistic savings from new freight networks
- Significant productivity improvements delivered in both blue and white collar roles
- Cost reduction continuing

Gordon and Gotch

Australia

- Volume decline – magazine circulation
- Continued focus on cost reduction and restructuring – reduced FTE's

Segment Performance

Operating Revenue ($M)	FY13	FY12	Var $	Var %
PMP Australia	493.6	564.0	(70.4)	(12.5%)
PMP New Zealand	158.8	171.4	(12.6)	(7.3%)
Gordon and Gotch Group	323.4	358.5	(35.1)	(9.8%)
Corporate	–	–	–	–
TOTAL GROUP	**975.8**	**1,093.9**	**(118.1)**	(10.8%)

EBIT ($M) (before significant items)	FY13	FY12	Var $	Var %
PMP Australia	30.6	39.9	(9.3)	(23.2%)
PMP New Zealand	9.7	1.6	8.1	-
Gordon and Gotch Group	1.1	1.0	0.1	12.1%
Corporate	(7.0)	(9.8)	2.7	27.8%
TOTAL GROUP	**34.4**	**32.7**	**1.7**	**5.1%**

CEO'S REVIEW

PETER GEORGE
Chief Executive Officer

"The strategy to transform PMP into a leaner, stronger and more competitive print and distribution industry leader is on track and delivering the anticipated results."

PMP Limited has returned an encouraging result for the 2013 financial year (FY13) with the results confirming that our transformation strategy is delivering the anticipated benefits.

EBIT (before significant items) was up by 5.1% to $34.4M and free cash flow improved, up to $54.2M from -$2.3M. Net profit (before significant items) increased by 68.7% to $14.8M. However after taking into account mostly non-cash significant items of $88.5M, the company recorded a net loss (after significant items) of $69.7M.

Continued strong cash flow management was a feature of the year with free cash flow of $54.2M, assisted by asset sales.

Net debt was reduced substantially to $89.1M (down from $143.3M in the prior year) and there was a material improvement in the company's gearing ratio.

Since taking up the position of CEO of PMP in October last year, my major priority has been to steer the company back to acceptable results by focussing on the fundamentals of the business. Our clear strategy has been to transform the company's cost base, strengthen PMP by reducing risk, and improve the company's competitive position.

Strategic Direction

Given the company's disappointing previous financial results, and the combination of structural, cyclical and competitive challenges facing the company, the Board has set a clear strategy to transform PMP into a leaner, stronger and more competitive industry leader.

Our first priority in this challenging environment was to transform PMP's unsustainable cost base to recognise the new revenue reality. We started to transform PMP by first reducing the New Zealand business' cost base (NZ $19M of annualised savings) and the learnings from this experience have helped us deliver on the strategy in Australia.

We have rationalised our production base by selling older surplus presses offshore and we have replaced them with a new, modern and more efficient press. Proceeds of $74.8M were received from asset sales, which included the Pacific Micromarketing business, and four sites which were leased back (above budget and ahead of time).

Phase 2 of the Transformation Plan has been completed at a cost of $27.0M. Annualised savings of $37.1M were generated with $13.6M benefitting the FY13 results. The majority of the plan was implemented in the second half of FY13.

As a result we incurred $88.5M of significant items (the majority of which were non-cash) which have been booked in the FY13 results.

In the first half of the year $20.0M of goodwill associated with the Australian

__Left and below__ In FY13 PMP Print converted 239,000 tonnes of paper.

Print business was impaired and market conditions in print worsened in the second half with increased competition for volumes and lower sell prices. As such, at year end we have booked a further non-cash impairment of $36.0M and there is no more goodwill associated with the PMP Australia cash generating unit.

We recognise that further work is needed to reinforce our competitive position and Phase 3 of the Transformation Plan is now being formulated.

Our second priority was to strengthen the Company by reducing financial risk.

Carrying a heavy debt load in an uncertain and challenging business environment created unacceptable risk. We prioritised generating positive free cash flow which increased to $54.2M in FY13 compared to -$2.3m the prior year.

This cash flow, which includes the proceeds from asset sales, financed the Transformation Plan and reduced net debt to $89.1M, down 37.8%. Net debt to EBITDA (before significant items) fell to 1.2 times, down from 1.9 times in the prior year. Nevertheless we have further work to do to extend the term of our debt and further reduce gearing levels.

The third priority is to build a more competitive PMP.

First we streamlined our fragmented, siloed structure. We were burdened by significant duplication of functions which was holding back the company. It limited our ability to leverage our inherent capability to provide complete solutions tailored to individual customer needs and contributed to a higher than necessary fixed cost base.

The move to a simpler and more unified functional structure should enable us to cross-sell more products across our customer base and leverage the competitive strength of our footprint and integrated model. PMP is the only nationwide, fully integrated digital, print and distribution company in the market. We can provide bundled and nationwide solutions tailored to meet customer needs, and deliver them in a timely way at a competitive price. We are encouraged by our recent market share gains and the customer endorsements that validate our value proposition.

A sustainable and more profitable PMP

While our transformation strategy is delivering a leaner, stronger and more competitive company, the next challenge is to build a sustainable and more profitable PMP.

Catalogues make up the majority of PMP's revenues and profits and are a relevant and resilient part of retailers' marketing campaigns. Around 8.2bn catalogues were delivered to letter boxes last year, up from around 7.6bn in FY08. We see ongoing structural growth in catalogue frequency and overall volumes. The early migration to online advertising is evolving into the use of integrated offerings, where online and traditional media are combined for greater effect. This evolution is gaining traction, underpinning demand for PMP products and services.

We expect the core print industry will undergo rationalisation before achieving equilibrium. As the industry leader, we intend to have PMP well positioned to benefit from this process.

By focussing on our costs and competitiveness, we are confident margins, being the most prospective driver of earnings growth, can continue to expand. PMP can deliver acceptable returns for shareholders.

We believe that the hard work completed so far has created the platform from which the company can begin to grow its business. Although there is still much to be done, the decline has been arrested and we are starting to see the early benefits emerge.

FY 2014 priorities

PMP is firmly focused on continuing to drive costs down to more effectively align our costs with the company's revenue base. We have demonstrated our capability to achieve this goal by the successful transformation of our New Zealand business and the disciplined execution of Phases 1 and 2 of our Australian Transformation Plan.

PMP Australia

The company has been successful in winning a number of major multi-year, national catalogue printing and distribution contracts with some of Australia's largest retailers. This business has performed well financially during the

$M	FY13	FY12	Variance %
Revenue (Operating Revenue)	**493.6**	564.0	(12.5)
EBIT (before significant items)	**30.6**	39.9	(23.2)

year despite the slowdown in the retail sector which impacted volumes and pricing.

However, as anticipated the directories printing business has continued its volume decline, resulting in the closure of the dedicated site at Chullora in Sydney at the end of the year and the transfer of the remaining directory volumes to Moorebank.

Book printing (Griffin Press) also had a difficult year with volume decline and excess capacity in the market placing pressure on margins.

PMP New Zealand

The New Zealand business has performed well and delivered its first full year of benefits from the Transformation Plan completed in FY12. The anticipated cost savings have been achieved, along with significant productivity improvements across the workforce. The new functional structure and integrated sales team are delivering on expectations. The company's market share is continuing to grow, particularly in retail catalogues and suburban newspapers. Despite a reduction in revenue, a major improvement in EBIT (before significant items) was achieved, with operational efficiencies and tight cost control being the major influences. The business also benefited from the closure of a smaller competitor.

$M	FY13	FY12	Variance %
Revenue (Operating Revenue)	**158.8**	171.4	(7.3)
EBIT (before significant items)	**9.7**	1.6	-

Above left *Gordon and Gotch distributed almost 160 million copies to newsagents and supermarkets.*

Above *PMP Distribution delivered 2.9 billion items into letterboxes throughout Australia and New Zealand.*

Gordon and Gotch

The Gordon and Gotch magazine distribution business experienced a volume decline during the year with falling magazine circulation in Australia and New Zealand. The business

$M	FY13	FY12	Variance %
Revenue (Operating Revenue)	**323.4**	358.5	(9.8)
EBIT (before significant items)	**1.1**	1.0	12.1

continued to focus on cost reduction and restructuring initiatives to reduce overheads. In New Zealand savings were achieved from new freight arrangements and productivity improvements.

Safety

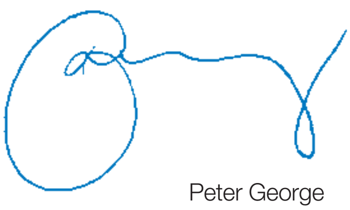
The company's safety performance has suffered during the year with our Lost Time Injury Frequency Rate increasing from 6.1 to 9.5 per million man hours worked. Despite safety continuing to be a primary management focus, injuries increased during the period. The increase in LTIFR has been exacerbated by changes which have occurred in work places and through the reduction in man-hours worked as a result of the Transformation process.

The company has responded by achieving external certification against SafetyMAP – Advanced, an acknowledgement of our robust OHS Management system's application and integration across PMP sites. This is recognition that the company is establishing a safer working environment consistent with the requirements of health and safety legislation.

Since year end the company has also moved to strengthen its safety management capability through the appointment of a new highly qualified senior safety manager, and implemented new motivational programs aimed at reversing the trend. Early indications are that these measures are having the desired effect.

Thanks

In closing I would like to record my appreciation of the support and dedication shown by our loyal employees. This has been one of the most difficult years with many of our colleagues leaving the company as we transform the business to meet the changing market conditions. The focus and dedication under trying conditions of those people that are continuing with PMP is something that I am deeply grateful for. Similarly the ongoing support of shareholders, customers and suppliers is also greatly valued.



Peter George
CEO & Managing Director

PMP Australia

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

Products and Services

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

Market

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

Overview

The market leader with printing plants and distribution centres across Australia and New Zealand.

PMP New Zealand

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

Products and Services

- Magazines
- Catalogues
- Directories
- Books
- Financial documents
- Corporate documents
- Government material
- Newspapers
- Digital printing

Market

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

Overview

- The market leader with plants across Australia and New Zealand

Gordon and Gotch

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

Products and Services

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

Market

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

Overview

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

SUSTAINABILITY AND PMP

Above *A new variable speed extraction system and compactor replaces the inefficient constant velocity push-pull paper waste extraction system. This has reduced electricity consumption, reduced environmental pollution from loose shredded paper, increased recycling rates and increased reliability.*

Our Vision

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, reuse, recycle and replenish.

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

Key Risks

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

Key Opportunities

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

Sustainability Initiatives

1. Reporting Platform

PMP utilises an online tool for collating and reporting environmental data across all businesses. This platform enables streamlined reporting to sites, business units, senior management and the Board, and covers energy, water, waste and emissions data. This information is used to monitor and track performance, reduce costs and inform business decisions.

2. Energy Efficiency Programmes

PMP completed the first cycle of the Australian Government's *Energy Efficiency Opportunities* program and has now commenced assessments for the second cycle. Over the first five years, 27 major projects were implemented which delivered 90,000 GJ of energy savings, equivalent to 12.4% of PMP's total energy consumption in Australia.

3. Energy, Emissions and Water Footprint

PMP Limited's energy, emissions and water footprint is presented below. All facilities under the operational control of PMP Limited and its subsidiaries have been included in this footprint.

Scope 1 emissions include combustion of natural gas, heatset ink solvents, LPG, diesel, gasoline.
Scope 2 emissions are those associated with the purchase of electricity from the grid.

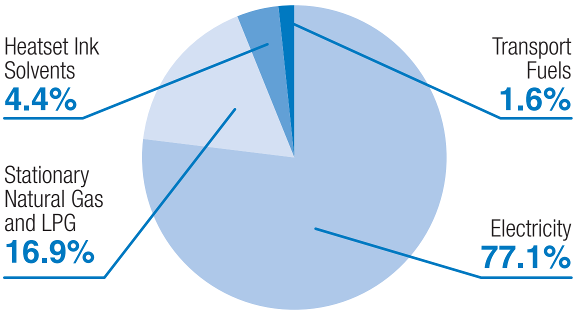
	Group FY13	Group FY12	Aus FY13	Aus FY12	NZ FY13	NZ FY12
Energy (TJ)	782	852	647	678	135	174
Scope 1 Emissions ($ktCO_2$-e)	25	25	19	19	6	6
Scope 2 Emissions ($ktCO_2$-e)	82	91	80	89	2	2
Water (ML)	N/A	N/A	99	106	N/A	N/A

N/A: not reported

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

4 Corporate Social Responsibility

PMP continues to support responsible forestry through its chain-of-custody programme, and has now 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.

In FY13 PMP has carried out ethical supply chain audits based on International Labour Organisation principles.

5. Recycling

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

6. Industry Engagement and Research

PMP works with a number of industry bodies to develop research projects into the environmental sustainability of printed products. During FY13, PMP in conjunction with both Two Sides Australia and the Australian Catalogue Association developed further research on both the sustainability and effectiveness of print media.

7. Environmental Reporting

- PMP complies with a number of state and federal reporting programs, including:
- National Pollutants Inventory
- Energy Efficiency Opportunities

SUSTAINABILITY CONTINUED
continued...

- Carbon Disclosure Project
- National Greenhouse and Energy Reporting

8. Customer Programmes
PMP has continued to develop our environmental offerings to our customers throughout FY13. Greenhouse gas life cycle analyses have been carried out for our print sites, and we are now able to provide carbon offsets to our customers based on the life cycle impact of their print run.

PMP is providing reports to our major customers on the direct manufacturing carbon footprint of their print runs. We have also developed the freight footprint optimisation tool which helps our customers to quantify and reduce the social, environmental and economic impacts of transporting finished products interstate.

PMP is constantly trialling new products which provide our customers with a larger range of environmentally friendly options, including biodegradable and compostable wrapping, lightweight paper grades and improved mileage inks. Our environmental paper procurement policy and chain of custody certification also ensures that our customers can be confident that all paper used by PMP meets high environmental standards.

PMP is working to inform customers about the environmental issues associated with printing, especially when compared to electronic media. For more information on this and other issues, please visit our website at www.pmplimited.com.au/about-us/environment.

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

- Transparent and accurate sustainability profiles prepared for major suppliers

- Value for money including environmental factors considered in total cost of ownership analysis

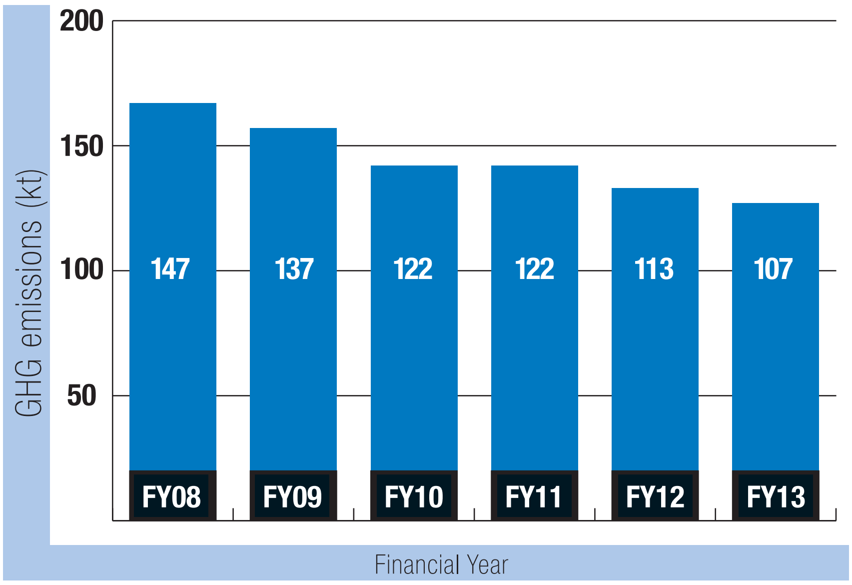
- Ongoing relationship with suppliers to drive continuous improvement

- Site audits of suppliers to ensure best practice processes are being followed

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

Historical Performance
PMP Print's year on year Greenhouse Gas (GHG) emissions reduced by 5% in FY13, taking the total reduction since 2008 to 27%. PMP will continue to pursue energy efficiency measures across all businesses to further reduce our overall emissions.

PMP Limited GHG Emissions



Selection of Paper for Annual Report
Please consult the final page of the annual report for further information about the sustainability criteria considered in the publication of this report.

The Printing Process
The diagram overleaf depicts the main steps in the printing process, along with PMP's direct and indirect environmental impacts.

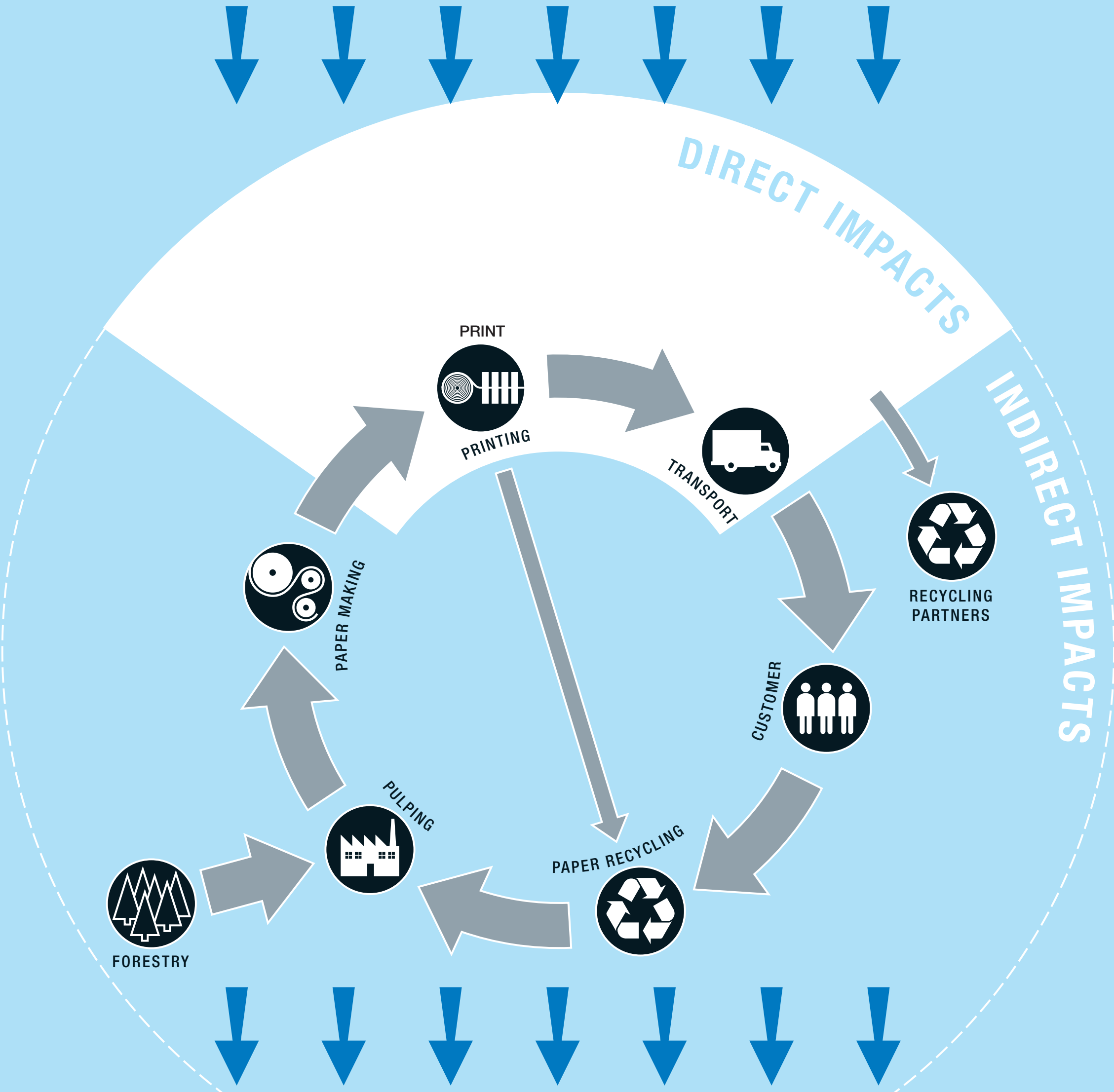
INPUTS

Energy *(electricity, natural gas, LPG, gasoline, diesel).* Electricity and natural gas make up over 95% of the energy consumption in the heat set printing process, while cold set printing requires no natural gas and is much less energy intensive. Electricity generation in Australia relies heavily on coal and is therefore carbon intensive, while our New Zealand operations source electricity mainly from renewable sources including hydro and geothermal.

Water is a critical component of the lithographic process and the majority of water used is drawn from town water. In some locations this water is treated via reverse osmosis to improve print quality and runnability.

Paper is the biggest input into the printing process and is sourced from around the world. Paper is a renewable and recyclable resource, and PMP is focussed on ensuring that our paper suppliers source fibre from responsible sources including plantation forestry and recovered paper.

Ink consists of 30% renewable materials including soy oils and tall oil, a by-product of the pulp industry; **Aluminium** plates are used in the printing process; **Chemicals** including developers and solvents are used in the pre-press and printing process; **Packaging** materials (including cardboard and plastic) are recyclable or biodegradable.



OUTPUTS

CO_2 The combustion of natural gas, fuels and ink solvents gives off carbon dioxide (CO_2), which is one of the main greenhouse gases (GHGs) responsible for global warming. PMP is committed to reducing these emissions through continuing investment in new technology and by increasing efficiency.

Waste & Recycling Over 99% of the waste generated by PMP is recycled. Our main waste streams are as follows: **Paper** offcuts and trimmings from the printing process are extracted from the press hall and baled before being transported to a de-inking plant. After the ink is removed, the pulp is then ready for conversion back into recycled paper; **Aluminium** plates are collected and sold to recyclers for reprocessing. Aluminium does not degrade over time and is infinitely recyclable; **Plastics** including shrink wrapping and strappings are collected and recycled into new products; **General Waste** is sent to landfill, where it breaks down and releases greenhouse gases including methane; **Hazardous Waste** including ink and chemical residues is collected by licensed contractors for disposal. This waste can be incinerated, providing energy for other industrial processes such as brick kilns. Hazardous waste is a very minor portion of total waste in the printing process.

GOVERNANCE: DIRECTORS

Matthew Bickford-Smith

Chairman

Appointed Chairman 23.11.12

Age 53

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

Mr Bickford-Smith is a Director of Eastern Agricultural Australia, and until 1 June 2013 a Director of The Julian Burton Burns Trust. He was appointed a Non-Executive Director of PMP on 20.07.09. Mr Bickford-Smith is Chairman of the Board of Directors and Chairman of the Appointments and Compensation Committee.

Peter George

B Com, LLB

CEO and Managing Director

Appointed 22.10.12

Age 60

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

Mr George is currently also a Non-Executive Director of Asciano Ltd.

He was also Executive Director, Strategy and Policy Development Cable and Wireless Optus Ltd from 1998 to 2001, and the Executive Chairman of Nylex Limited 2006 to 2008.

Naseema Sparks

BPharm, MBA, GAICD

Non-Executive Director

Appointed 17.08.10

Age 60

Ms Sparks is a professional non-executive director specialising in e-commerce, digital and tech industries, media and marketing.

She has a background in strategic consulting, marketing, digital media and applications with over 20 years experience in the advertising industry. She has held senior positions in leading agencies in Australia and UK, her most recent being Managing Director of M&C Saatchi.

Ms Sparks is currently a Director of Melbourne IT, Shadforth Financial Group, AIG. Chairman of DealsDirect and Deputy Chairman of Racing NSW.

Goh Sik Ngee

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

Non-Executive Director

Appointed 17.08.10

Age 60

Mr Goh Sik Ngee was Chief Executive Officer of Times Publishing Limited, a wholly-owned subsidiary of Fraser and Neave, Limited ("F&N") and on the Board of Fung Choi Media Group Ltd, a listed company on the Singapore Stock Exchange ("SGX"), until 2 October 2013.

Mr Goh has 38 years of varied experience, including publishing, printing, retail and education. He held appointments at the helm of a number of organisations which included CEO of Yellow Pages (Singapore) Limited, a listed company on the SGX, and CEO of MediaCorp Publishing Pte Ltd. He started his career with the Ministry of Defence with the last appointment as Director of Manpower.

He has been awarded several honours by the President of the Republic of Singapore in recognition of his contributions in Community Service and Civil Service.

Peter Margin

BSc (Hons), MBA

Non-Executive Director

Appointed 30.01.12

Age 53

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

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

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

Ian L Fraser

FCPA, FAICD

Previous Chairman

Appointed Non-Executive Director 04.04.03

Appointed Chairman 18.11.11

Completion date 30.11.12

Age 68

Mr Fraser qualified as an accountant but gained significant operational experience in positions such as MD of Pioneer Sugar Mills Limited, MD Clyde Industries Limited, MD Australia Chemical Holdings Limited and MD TNT Australia Pty Ltd.

Mr Fraser also has substantial international experience having worked and lived in South East Asia and the United States.

At the time of his retirement from the Board Mr Fraser was a Non-Executive Director of Structural Systems Limited and Legend Corporation Limited. Mr Fraser was previously a Director of Forest Place Group Limited 2001 to 2011, Lighting Corporation Limited 2006 to 2008 and Nylex Limited 2007 to 2008.

Richard Allely

DipCM, MBA, FCPA, FCIS, FAICD

Previous CEO and Managing Director

Appointed 07.04.09

Completion date 19.10.12

Age 59

Mr Allely was Chief Executive Officer of PMP Limited from April 2009 to October 2012. Prior to this appointment Mr Allely was Chief Financial Officer (appointed in 2002).

Mr Allely has over 30 years experience in senior management roles with leading companies, including Tenix Pty Ltd (formerly Transfield Pty Ltd), John Fairfax Holdings Limited, Boral Limited, James Hardie Industries Limited and Fanner PLP Pty Ltd.

Previously, Mr Allely held an advisory position with the Workcover Authority of NSW – Audit Committee.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

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 2013 and the auditors report thereon.

1. Directors

The Directors of PMP in office during or since the end of the financial year and details of their qualifications and experience are set out on pages 16 to 17.

2. Directors' and Executives' disclosures

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

3. Company Secretary – qualifications and experience

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

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

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

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

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

4. Directors' meetings

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

	Board of Directors		Audit & Risk Management		Appointments & Compensation	
	Attended	Maximum possible attended	Attended	Maximum possible attended	Attended	Maximum possible attended
M Bickford-Smith <b>	16	16	4	4	3	3
R I Allely <c>	7	8	<a>	<a>	<a>	<a>
I L Fraser <d>	9	9	1	1	<a>	<a>
P George <e>	8	8	<a>	<a>	<a>	<a>
P Margin	16	16	4	4	<a>	<a>
Goh S N	11	16	4	4	<a>	<a>
N Sparks	13	16	<a>	<a>	3	3

<a> Directors may attend Committee meetings but where not Committee members, their attendance is not recorded.
<b> M Bickford-Smith appointed Chairman of the PMP Board on 23/11/12.
<c> R I Allely resigned on 19/10/12.
<d> I L Fraser retired as Chairman of the PMP board on 22/11/12 and as Director on 30/11/12.
<e> P George appointed Chief Executive Officer and Managing Director on 22/10/12.

5. Corporate Governance Statement

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

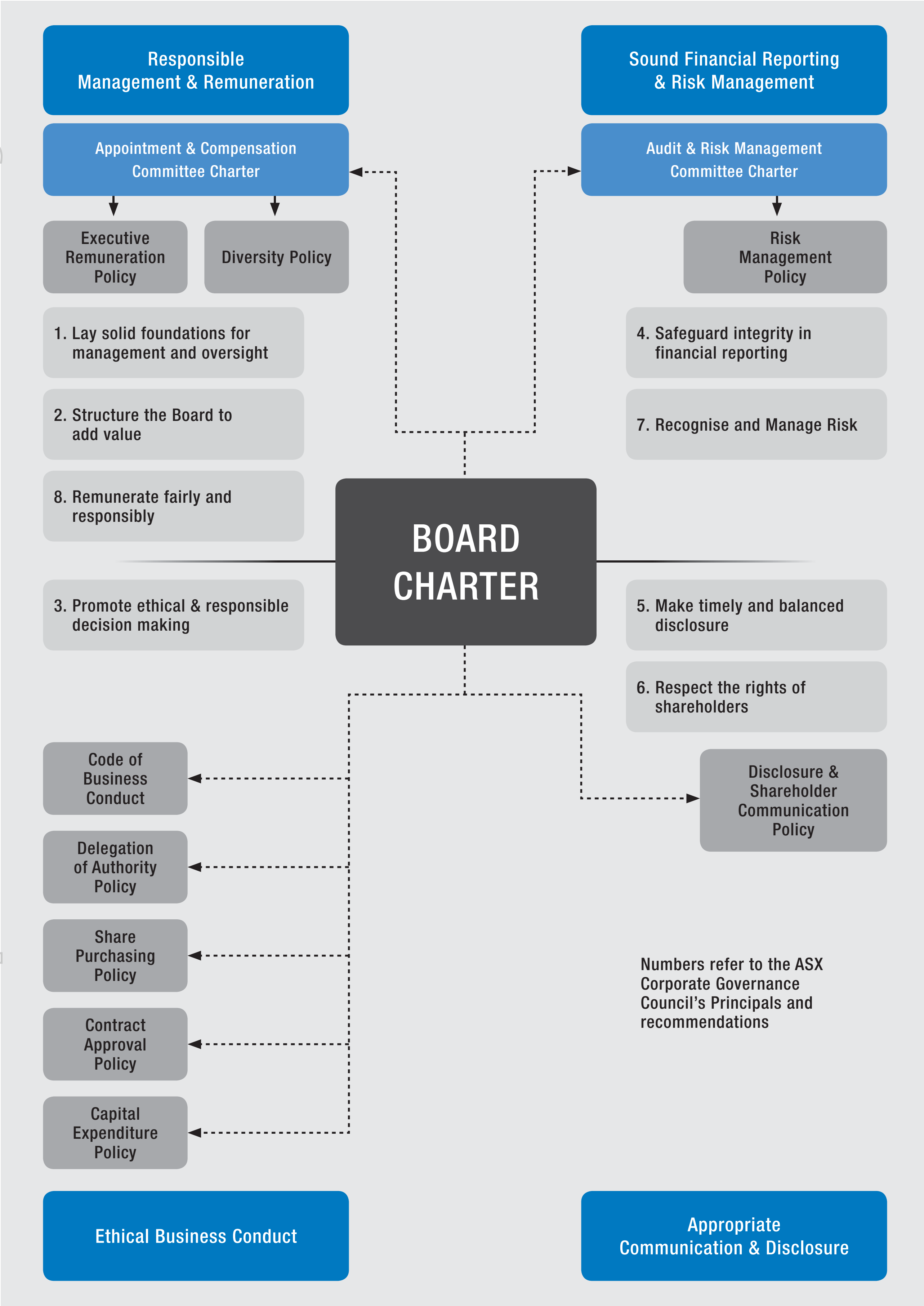
- Ethical business conduct;
- Responsible management and remuneration;
- Sound financial reporting and risk management; and
- Appropriate communication and disclosure.

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

ASX principle	Reference
1 – Lay solid foundations for management and oversight	5.1, 7.4
2 – Structure the Board to add value	1, 5.1, 5.2, 7.10
3 – Promote ethical and responsible decision making	5.4
4 – Safeguard integrity in financial reporting	5.2, 5.3
5 – Make timely and balanced disclosure	5.4
6 – Respect the rights of shareholders	5.4
7 – Recognise and manage risk	5.3
8 – Remunerate fairly and responsibly	5.2, 7.9

5.1 Board of Directors

The following table provides the framework of how the Company's various charters and policies interrelate to provide conformity with the ASX Corporate Governance Committee's principles.



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 included on pages 16 -17. The Board comprises five Directors, being; the Non-Executive Chairman, the Managing Director and three other Non-Executive Directors.

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

PMP's Board Charter sets out the role, responsibilities and powers of the Board of Directors. The company's Board is responsible for:

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

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

Board composition and membership

The Board (through the Appointments and Compensation Committee) actively seeks to ensure that the Board and its Committees continue to have the right balance of skills, knowledge qualifications, diversity and business experience necessary to direct the Company in accordance with high standards of corporate governance. The skills, experience and expertise which the Board considers to be particularly relevant include those in the areas of manufacturing, finance, capital management and external relations risk management.

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

Name	Skills and experience	Board	Audit and Risk Committee	Appointments and Compensation Committee	Age
Matthew Bickford-Smith	Manufacturing Risk Management Strategy Finance	x	x	x	53
Peter George	Finance Strategy Telecommunications Corporate Finance	x			60
Peter Margin	Manufacturing Strategy Risk Management Finance Brand Development	x	x		53
Naseema Sparks	Digital Media E-commerce Strategy Retail Marketing	x		x	60
Goh Sik Ngee	Publishing Printing Retail Finance	x	x		60

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. Additional information in relation to diversity is detailed in section 5.4 of this Directors' Report.

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.

Access to information and advice

The Charter provides for Directors to have access to all relevant information and employees within PMP. It also gives them authority to seek independent professional or legal advice, from a firm of their choice at PMP's expense, on any matter before the Board or any other matter affecting their duties as a Director, conditional only on the Chairman's approval.

Board performance evaluation

The Appointments and Compensation Committee is responsible for, amongst other things, evaluating the performance of the Board and individual Directors.

Board independence

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

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

Conflicts of interest

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

Chairman

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

Director appointment, training and continuing education

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

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

Directors are expected to maintain the skills required to discharge their obligations to the Company. PMP undertakes an ongoing program to keep Directors abreast of the nature of its business, current issues and corporate strategy. Directors also have access to, and are encouraged to undertake, continuing education opportunities to update and enhance their skills and knowledge and have a strong working relationship with operational management.

Board access to information and independent advice

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

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

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

Board meetings

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

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

Details of Board and Committee meetings held during the 2013 financial year and attendance at those meetings are set out on page 18 and 22 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 Committee;
- Appointments and Compensation Committee.

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

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

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

Audit and Risk Management Committee*

Members

The current members are:

- Peter Margin (Chairman),
- Matthew Bickford-Smith
- Goh Sik Ngee

Attendance

Committee Member	Meetings attended
Peter Margin (Chairman)	4 (out of a possible 4)
Matthew Bickford-Smith	4 (out of a possible 4)
Goh S N	4 (out of a possible 4)

Composition

The charter provides that the Committee must comprise:

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

Following the resignation of Mr. Ian Fraser, the Committee, while complying with the recommendations in Principle 4 of the ASX Corporate Governance Principles and Recommendations ('CGG') currently does not have a member who is a qualified accountant or other finance professional with experience of financial and accounting matters. The Board will be re-considering the composition of this committee following the completion of the current restructuring of the Company and in the interim believes that when taking into account the size of the company and the experience and qualifications of the current committee members, that the current Committee members have the necessary skills for the Committee to adequately discharge its responsibilities.

Responsibilities

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

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

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

Appointments and Compensation Committee

Members

The current members are:

- Matthew Bickford-Smith
- Naseema Sparks

Attendance

Committee Member	Meetings attended
Matthew Bickford-Smith (Chairman)	3 (out of a possible 3)
Naseema Sparks	3 (out of a possible 3)

Composition

The Charter provides that the Committee may only comprise Non-Executive Directors and its Chairman may not be the Chairman of the Board. However, due to the size and composition of the Board, the Chairman of the Board is also currently the Chairman of this Committee: and the Committee only comprises two members. Its members and their record of attendance in the last financial year are listed above.

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. Refer to the Remuneration Report (Page 27) for further detail on the role of the Committee in respect of compensation.

In relation to appointments, the Committee:

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

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

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

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

The CEO has the authority to employ and remunerate executives within the scope of the policy established by the Committee. In carrying out its duties, the Committee is committed to providing sound remuneration policies and practices that enable PMP to:

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

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

5.3 Risk management

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

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

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

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

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

Risk Management Framework

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

- A comprehensive occupational health and safety program;
- The company sustainability, climate change and energy plans;
- 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;
- The identification and assessment of strategic risks during the annual strategic planning cycle;

Management Representation

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

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

Internal audit

The internal audit function conducts a series of risk-based reviews based on a plan agreed with management and the Audit and Risk Management Committee. In order to ensure the independence of the internal audit function, the Audit and Risk Management Committee review and endorse the planned internal audit activities. The Risk Management and Internal Audit Frameworks are independently reviewed to provide assurance as to the adequacy of the framework.

Inherent Operational Risks

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

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

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

Occupational health and safety regulation

The safety and security of our staff are of paramount importance to the Company. Staff and management continue to work to improve safety performance and to make a safer workplace. We have plans in place and continue to implement initiatives to drive improvement. The 2013 financial year was a difficult year for safety in that while achieving SafetyMAP certification the Company has undertaken a substantial transformation program and working hours have decreased. During the year, the Lost time Frequency Rate has increased from 6.1 to 9.5. Safety, health and environment policy and procedures have been developed and implemented to ensure the health, safety and welfare of workers underpin the Company's safety management plans, and are in line with the prescribed requirements of the applicable health and safety legislation.

5.4 Governance policies

Code of Conduct

*Code of Conduct**

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

- PMP is to conduct its business with honesty, integrity and respect for the interests of its stakeholders.
- PMP employees will avoid any personal, financial or other real or apparent conflicts of interest that could compromise the performance of their duties.
- PMP will continually strive to be a good corporate citizen, including complying with laws and regulations of Australia and New Zealand and in each state and territory in which it operates.
- PMP employees will ensure that resources of PMP are used for their intended use.
- PMP is to respect the privacy of private information, including customer, business partner and fellow employee information.
- PMP is to continually strive to provide a safe and healthy work environment for all employees.
- PMP is to recognise and act upon its responsibility to limit negative impacts on the environment and the communities within which it operates.
- PMP is to ensure that there is a clear communication process for material items of concern between employees and the Board via open and nonhierarchical communications including whistleblower provisions.

Whistleblower Policy and Fraud and Corruption Prevention

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

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

Trading in PMP Shares

*Director and Executive Share Purchasing Policy**

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

a. the period of 30 days immediately leading up to 31 December through to the day half year results are announced (including the day half year results are announced);

b. the period of 30 days immediately leading up to 30 June through to the day full year results are announced (including the day full year results are announced); and

c. the period of 30 days immediately leading up to the Annual General Meeting (including the day of the Annual General Meeting).

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

Appropriate Communication and Disclosure

PMP recognises the importance of open and effective communication with all stakeholders. Therefore, PMP requires its officers and employees to act at all times with integrity and in accordance with the law, including the disclosure requirements of the ASX Listing Rules, ASX Guidance Notes, the ASX Corporate Governance Council Recommendations and the Corporations Act. PMP has a Disclosure Committee comprising the Chief Executive Officer, Chief Financial Officer and Company Secretary/General Counsel, which meet as and when required.

Disclosure and Shareholder Communication Policy*

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

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

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

- The annual and half year reports;
- Disclosures made to ASX;
- Notices and explanatory memoranda of General Meetings;
- The AGM, where the external auditor will be available to answer questions about the audit;
- Occasional letters from the Chairman; and
- Its website www.pmplimited.com.au.

Diversity Policy*

Diversity Policy Statement

PMP strives to provide industry leadership for workforce diversity by:

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

During the reporting period the following objectives were actioned.

- The prior Gender Pay equity review has now been incorporated into future salary review cycles.

Management continue to be provided with procedures to determine appropriate corrective action and prevent any future disparities around salary reviews. The Fair Workplace Policy requires managers to ensure fairness in setting and reviewing salaries.

- The Group Recruitment, Selections and Appointments policy provides direction for gender representation on selection panels, from favouring applications to the appointments decision, and seeking a gender balance in applicants for vacancies. The policy also requires additional management approval for appointments to be made outside the salary range for the vacancy as an additional control over often weaker salary negotiation skills of female applicants.

As a diverse business, PMP employs a broad range of occupational groups to staff its creative, analytic, print and distribution businesses. Consequently we seek to attract talent from different labour markets, trades and professions. Our current gender profile reflects our reliance on trades and engineering for our print business and the associated lack of gender balance in that sector. Measureable objectives have not been set during this time of Company transformation.

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

Board of Directors	20%
PMP Executive Management Team	12%
PMP Group Employees (Australia)	28%

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

OTHER MATTERS

6.1 Remuneration Policy

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

6.2 Principal activities

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

6.3 Results

The consolidated result after income tax of the PMP Group for the financial year ended 30 June 2013 was a $69.7 million loss (2012: $24.5 million loss).

6.4 Dividends

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

	$'000	
	2013	2012
Final dividend for the year ended 30 June 2011 of 1 cent, 100% franked paid on 20 October 2011	—	3,298
Interim dividend for the year ended 30 June 2012 of 1 cent, 100% franked paid on 4 April 2012	—	3,255
	—	**6,553**

6.5 Review of operations

For a full report on operations for the FY13 year, see the Chief Executive Officer's Review on pages 6 to 10 of this Annual Report.

In summary, PMP is becoming a leaner, stronger and more competitive Print and Distribution industry leader and in FY13 EBIT (before significant items) increased by 5.1% to $34.4M compared to $32.7M in the prior year. This was above the top end of market guidance, while net profit after tax (before significant items) for FY13 increased by 68.7% to $14.8M ($8.8M in FY12).

The Board has set down a clear strategy and the disciplined execution of this strategy is delivering benefits. The company's Transformation Plan Phase 2 has delivered $74.8M in proceeds from assets and properties sold, $37.1M of annualised savings ($13.6M in FY13), and the company's head count has reduced by 412 FTE. Phase 3 of the Transformation Plan is being developed.

EBITDA margin (before significant items) has increased to 7.4% compared to 7.0% in prior year, while Free Cash Flow increased to $54.2M compared to ($2.3M) in FY12.

Net debt reduced to $89.1M, down by 37.8% compared to FY12 and the company's net debt to EBITDA (before significant items) was 1.2 times, down from 1.9 times in the prior year.

A sustainable and profitable PMP is emerging with PMP's key catalogue business showing resilience; market share is improving; restrictive internal silos have been removed creating significant cross sell opportunities. The company is now well positioned for industry rationalisation and recovery in consumer demand.

6.6 Significant changes in the state of affairs

On 28 September 2012, the Board announced that the CEO Mr Richard Allely would be stepping down and leaving the company. Subsequently Mr Peter George, former Chief Operating Officer, was appointed as CEO effective 22 October 2012.

In November the company confirmed to the ASX that the second phase of the company's Transformation Program was underway with annualised savings expected to be not less than $32M over FY13 and FY14. The company provided guidance to the market that FY13 EBIT (before significant items) would be in the range $31M to $34M. Also in November 2012 the company announced the closure of the Chullora directories printing site as a result of falling demand for print-based directories.

The company divested its Pacific Micromarketing business which was announced in January 2013 and in May the successful completion of the asset sale and lease-back program was announced. As a consequence debt for FY13 was forecast to be in the range of $90M to $95M.

6.7 Risks, Likely Developments and Future Prospects

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

As noted under Inherent Operational Risks on page 23, the company believes there are a number of operational risks which are inherent in the industry in which it operates. These include overcapacity in the print industry which affects prices; the company's reliance on the continuity of supply from utilities and the availability and cost of raw inputs; fluctuations in demand volume; and ongoing weak consumer confidence.

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

In response to this the company has 3 priorities: transforming its cost base to recognise the new revenue realities; reducing financial risk; and building a more competitive PMP. The Company is currently formulating a third Transformation program mainly for Australia in response to the current challenging market conditions. The Company continues to prioritise strong free cash flow to reduce debt.

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

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. Refer to pages 12 to 15 for PMP's Sustainability Report for a more detailed review of PMP's environmental practices with a particular emphasis on its carbon footprint.

6.9 Share issues

There were no shares issued during the year ended 30 June 2013.

6.10 Share rights

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

6.11 Non-audit services

The Audit and Risk Management Committee reviewed the non-audit services provided by Deloitte Touche Tohmatsu. These non-audit services include taxation compliance and consulting services. The following non-audit services were provided during the 12 months to 30 June 2013:

	$	
Description of non-audit services <a>	**Australia**	**New Zealand**
- Consulting services	5,250	—
- Taxation and related advisory services	100,320	131,532
	105,570	**131,532**

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

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

6.12 Auditor's independence declaration

In accordance with the Audit Independence requirements of the Corporations Act 2001, the Directors have received and are satisfied with the "Audit Independence Declaration" provided by the PMP Group external auditors, Deloitte Touche Tohmatsu. The Audit Independence Declaration has been attached to the Directors' Report on page 39.

6.13 Directors' and Officers' liability insurance and indemnity

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

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

6.14 Significant events after balance date

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

6.15 Rounding of amounts

Pursuant to class order 98/0100 made by the Australian Securities and Investments Commission, the Company has rounded amounts in this report and the accompanying financial statements to the nearest thousand dollars unless specifically stated to be otherwise.

REMUNERATION REPORT

7.1 Coverage

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

7.2 Remuneration principles

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

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

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

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

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

7.3 Remuneration structure

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

The three tiers of the structure are:

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

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

The structure links remuneration management and outcomes to organisational performance through PMP's Performance Management System. This system aligns goals, strategies and actions for the Group with business unit and department goals and actions. PMP measures progress against these goals through individual reviews and monthly and quarterly business reviews.

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

Base salary

PMP generally sets salaries based on a classification structure which is referenced to the market median, while also allowing flexibility from this reference point where it is warranted by individual performance levels. PMP's remuneration structure and market position are benchmarked annually through Mercer and Hewitt Associates, PMP's preferred remuneration and benefits providers.

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. A few longer serving executives remain in a legacy defined benefit plan, which is closed to new members.

Relevant superannuation contributions for all senior executives form part of the executive's total remuneration package, which is calculated on a total cost to company basis. All such amounts are included in the fixed remuneration disclosed for the CEO and members of the senior executive team in this report. PMP offers employees the opportunity to participate in the superannuation choice of fund arrangements.

Other benefits

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

Variable remuneration

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

Short term incentives - STIs

The STI plan applies to key middle and senior personnel roles, directly linking variable remuneration to PMP's corporate strategy.

The employee's STI percentage is the maximum amount that will be paid for achieving performance goals. Results above the target goal will not increase the incentive payment above the STI percentage, unless authorised by the CEO. As a general rule, no discretionary bonuses outside the STI program will be approved. Proposals for discretionary bonuses outside the STI program must be authorised by the CEO and have a supporting business case.

Performance is assessed on a balanced scorecard approach.

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

Table 1. STI percentages

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.

STIs - Performance conditions

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

Long term incentives – LTIs

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

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

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

2013			Fixed annual remuneration <a>	STI <a>	Total	Performance related remuneration
			$	$	$	%
P George	CEO and MD	<b>	600,000	511,170	1,111,170	46%
C Amos	EGM - PMP (NZ) Limited		383,766	66,492	450,258	15%
A Cicognani	EGM - Group Strategy	<c>	380,000	30,000	410,000	7%
A Clarkson	Company Secretary and General Counsel		286,000	60,914	346,914	18%
D Hogan	EGM - Gordon and Gotch Group	<d>	101,979	21,182	123,161	17%
J Nichols	Chief Operating Officer	<e>	329,936	161,870	491,806	33%
S Parkes	Chief Sales Officer	<f>	214,250	58,585	272,835	21%
G Stephenson	Chief Financial Officer (CFO)		453,391	202,338	655,729	31%

Table 2. Take home pay of the Executive Director and continuing Executives for the year ended 30 June 2013

<a> Fixed annual remuneration based on current gross salary package, which includes base salary, annual leave, superannuation contributions and the value of non-salary benefits provided to the executive (inclusive of all applicable taxes). The STI represents the actual STI paid based on performance over the 2013 year. Where appointments commenced during the year the table above represents remuneration from that date.

<b> P George appointed CEO and Managing Director on 22/10/12. STI to be paid 66.7% in cash and 33.3% in PMP shares.

<c> A Cicognani appointed EGM of Group Strategy on 08/11/12. Prior to this, she was the EGM of PMP Direct. Remuneration is for the period from 01/07/12 to 30/06/13.

<d> D Hogan appointed Executive General Manager of Gordon and Gotch Group on 01/03/13. Commenced employment on 18/02/13. Remuneration is for the period from 18/02/13 to 30/06/13.

<e> J Nichols appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/12 as the General Manager of Transformation. Remuneration is for the period from 01/07/12 to 30/06/13.

<f> S Parkes appointed Chief Sales Officer on 01/01/13. Prior to this, he was the Head of Print Sales in Australia. Remuneration is for the period from 01/07/12 to 30/06/13. STI includes $5,338 received as a sales commission as Head of Print Sales in Australia.

Ref	Rights	Performance Hurdles	Assessment Method	Vesting
A	Rights - $0 EMT and Senior Managers Issued 01 Oct 08 Expiry 31 Aug 13	The performance hurdles are: Total Shareholder Return (TSR) and Return on Capital Employed (ROCE). 50% of Rights granted are to be subject to each hurdle. **Total Shareholder Return** If PMP's TSR over the three year period comprising financial years 09, 10 and 11 exceeds the change in the ASX All Ordinaries Accumulation Index over the same period, all of the Rights (being 50% of Rights granted) will vest and become exercisable. **Return on Capital Employed** ROCE = EBIT / Capital Employed - EBIT = Earnings Before Interest and Tax as per the audited accounts - Capital employed = Equity plus net debt ROCE performance over a 3-year performance period will be determined as the simple average of ROCE achieved in each of the 3 relevant financial years. If ROCE over the 3-year performance period is at least equal to the target average ROCE set by the Board on commencement (being 16%), all of the Rights (being 50% of Rights granted) will vest and become exercisable.	Will be determined on TSR and ROCE result for FY09, FY10 and FY11. The Board retains discretion to include/exclude from the calculation of ROCE, items which the Board considers are, for example, unusual or non-recurring.	0% vested on 18 Aug 11
B	Rights - $0 EMT and Senior Managers Issued 01 Oct 09 Expiry 31 Aug 14	The performance hurdles are: Total Shareholder Return (TSR) and Return on Capital Employed (ROCE). 50% of Rights granted are to be subject to each hurdle. **Total Shareholder Return** If PMP's TSR over the three year period comprising financial years 10, 11 and 12 exceeds the change in the ASX All Ordinaries Accumulation Index over the same period, all of the Rights (being 50% of Rights granted) will vest and become exercisable. **Return on Capital Employed hurdle** ROCE over the performance period is at least equal to the target average ROCE set by the Board on commencement of the Performance Period. The target ROCE is the greater of the average budgeted ROCE or the average weighted average cost of capital over the performance period.	Will be determined on TSR and ROCE result for FY10, FY11 and FY12. The Board retains the discretion as per details in "A" above.	0% vested on 27 Aug 12
C	Rights - $0 EMT and Senior Managers Issued 01 Oct 10 Expiry 31 Aug 15	The performance hurdles are: Total Shareholder Return (TSR) and Return on Capital Employed (ROCE). 50% of Rights granted are to be subject to each hurdle. **Total Shareholder Return** If PMP's TSR over the three year period comprising financial years 11, 12 and 13 exceeds the change in the ASX All Ordinaries Accumulation Index over the same period, all of the Rights (being 50% of Rights granted) will vest and become exercisable. **Return on Capital Employed** hurdle detail as in "B" above.	Will be determined on TSR and ROCE result for FY11, FY12 and FY13.	0% vested on 28 Aug 13
D	Rights - $0 EMT and Senior Managers Issued 01 Oct 11 Expiry 31 Aug 16	The performance hurdles are: Total Shareholder Return (TSR) and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). 50% of Rights granted are to be subject to each hurdle. **Total Shareholder Return** PMP's TSR over the three year period comprising financial years 12, 13 and 14 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities. If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest. **EBITDA** PMP's EBITDA over the three year period comprising financial years 12, 13 and 14 is measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBITDA range.	Will be determined on TSR and EBITDA result for FY12, FY13 and FY14. The Board retains discretion as per details in "A" above.	N/A
E	Rights - $0 EMT and Senior Managers Issued 01 Oct 12 Expiry 31 Aug 17	The performance hurdles are: Total Shareholder Return (TSR) and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). 50% of Rights granted are to be subject to each hurdle. **Total Shareholder Return** PMP's TSR over the three year period comprising financial years 13, 14 and 15 is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities. If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest. **EBITDA** PMP's EBITDA over the three year period comprising financial years 13, 14 and 15 is measured against a target for the PMP Group. The number of rights to vest are pro rated based on a target EBITDA range.	Will be determined on TSR and EBITDA result for FY13, FY14 and FY15. The Board retains discretion as per details in "A" above.	N/A

Table 3. LTI Performance Hurdles and Assessment Methods

LTIs - Performance conditions

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

7.4 Senior Executive Performance Evaluation

PMP rewards executives for performance. At the beginning of the financial year, the CEO sets objectives with each direct report. This includes corporate goals (such as EBIT excluding significant items, and safety), and personal objectives, including activities to drive the development of business opportunities across the Group. The CEO reviews performance against objectives twice, at the mid-year and financial year-end, with the outcomes used to determine overall performance and STI payments.

7.5 Senior Executive Development

The CEO also ensures the ongoing professional development of the Executive Management Team through the creation of agreed development plans.

7.6 Company performance

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

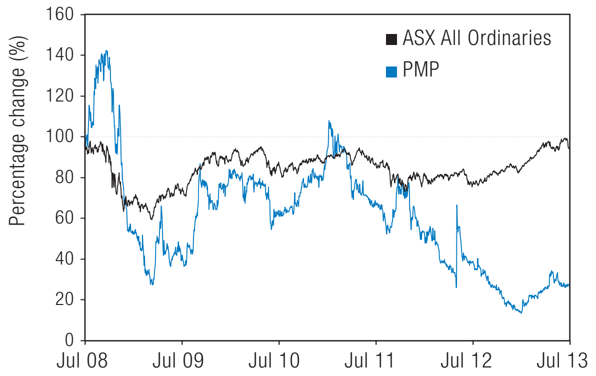


Table 4a. PMP Share Price Performance against ASX All Ords Index

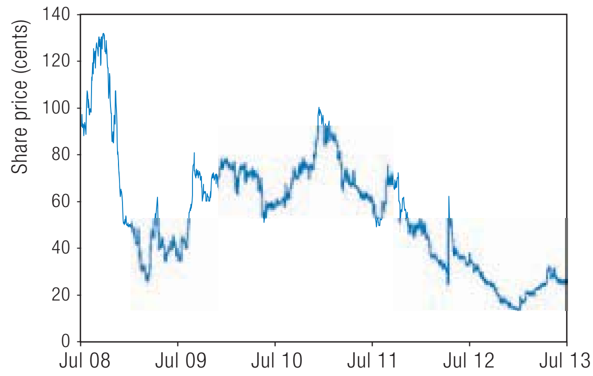


Table 4b. PMP Actual Share Price performance

Earnings performance indicators		2009	2010	2011	2012	2013
Earnings per ordinary share (basic)	cents	(7.9)	6.2	(3.4)	(7.5)	(21.5)
Earnings per ordinary share (diluted)	cents	(7.9)	6.1	(3.4)	(7.5)	(21.5)
Dividend per share	cents	—	<a> 1.0	<b> 1.0	<c> 1.0	—
External sales revenue	A$ mill	1,345.6	1,212.1	1,194.3	1,093.9	975.8
Total EBIT (before significants)	A$ mill	54.9	52.2	56.7	32.7	34.4

Table 4c. PMP earnings performance indicators.

<a> Final dividend FY10, paid FY11.
<b> Final dividend FY11, paid FY12.
<c> 1.0 cent interim FY12 dividend, paid FY12.

7.7 Chief Executive Officer

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

Employment contract

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

Summary of remuneration structure

Fixed Remuneration:

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

Short Term Incentive:

Mr Peter George has an STI of up to 100% of his fixed remuneration for the 2012/13 financial year, dependent on achieving a number of targets including EBIT and safety:

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

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

Long Term Incentive:

Subject to shareholder approval at the 2013 Annual General Meeting ('AGM'), Mr Peter George will be entitled to participate in the PMP Long Term Incentive Plan (the "Plan") in accordance with the Plan rules.

Mr Peter George will be entitled to be awarded performance rights to acquire fully paid ordinary shares in the Company as his Long Term Incentive (LTI) with the performance rights being tested against the performance hurdles following the performance period ending 30 June 2015. The maximum number of share rights to be awarded to Mr Peter George as his LTI is 2,100,000.

The share rights offered to Mr Peter George are split evenly amongst two categories of performance hurdles and will vest subject to the achievement of those hurdles. The first performance hurdle compares PMP's Total Shareholder Return ('TSR') measured against a comparator group consisting primarily of ASX listed entities that are ranked between S&P/ASX 200 – ASX 300 (excluding entities in the metals and mining and materials indexes). The period over which the TSR performance condition is measured is the three year period commencing 1 July 2012. The number of rights that vest is based on rank. Nil rights vest if a rank of less than the 51st percentile is achieved. 50% – 100% of the rights vest if a rank between the 51st and 75th percentile is achieved. The second performance hurdle is an internal hurdle and is based on PMP achieving target earnings before interest, tax, depreciation and amortisation (EBITDA) at the end of a three year period ending on 30 June 2015.

All rights held by the CEO are disclosed in Table 10 and Note 25(b) to the accounts.

Remuneration summary

The remuneration paid to Mr Peter George for the year ended 30 June 2013 is set out in the table below:

Salary Component	2013
- Base Salary	$550,459
- Superannuation	$49,541
- LSL	—
- STI: Cash	$340,950
- STI: Shares	$170,220
- LTI <a>	$59,400
Total	**$1,170,570**

Table 5. Peter George remuneration

Mr Peter George appointed CEO and MD on 22/10/12. Prior to this, he was the Chief Operating Officer. Fixed annual remuneration including superannuation of $600,000. Remuneration is for the period from 1 July 2012 to 30 June 2013.

<a> Subject to shareholder approval at the 2013 Annual General Meeting. This is based on the accrued accounting value in accordance with AASB 2 Share-based Payment and relates to amounts granted to Mr Peter George under the Employee Long Term Incentive Plan. All rights valued in accordance with AASB 2 have been independently valued using the Binomial Option Pricing Model or Monte Carlo Model. In accordance with AASB 2 the non-market conditions associated with these rights were not taken into account when estimating the fair value at grant date. Instead, the number of rights expected to eventually vest is re-assessed at the end of each reporting period.

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

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

P George	Chief Executive Officer and Managing Director. Refer section 7.7 for remuneration details	<a>
R I Allely	Former Chief Executive Officer and Managing Director	<b>
C Amos	Executive General Manager - PMP (NZ) Limited	
A Cicognani	Executive General Manager - Group Strategy	<c>
A Clarkson	Company Secretary and General Counsel	
C Davison	Former Executive General Manager - Gordon and Gotch Group	<d>
D Hogan	Executive General Manager - Gordon and Gotch Group	<e>
J Nichols	Chief Operating Officer	<f>
S Parkes	Chief Sales Officer	<g>
G Stephenson	Chief Financial Officer	

<a> P George appointed Chief Executive Officer and Managing Director on 22/10/12.

<b> Resigned 19/10/12.

<c> A Cicognani appointed Executive General Manager of Group Strategy on 08/11/12. Prior to this, she was the Executive General Manager of PMP Direct.

<d> Completion 28/02/13.

<e> D Hogan appointed Executive General Manager of Gordon and Gotch Group on 01/03/13. Commenced employment on 18/02/13.

<f> J Nichols appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/12 as the General Manager of Transformation.

<g> S Parkes appointed Chief Sales Officer on 01/01/13. Prior to this, he was the head of Print Sales in Australia.

Employment contracts

PMP does not include termination or severance payments for PMP executives in their employment contracts in addition to agreed notice provisions.

Name	Notice Period PMP	Notice Period Employee	Termination Payments
C Amos	6 Months	6 Months	No specific termination payment provided for
A Cicognani	6 Months	6 Months	No specific termination payment provided for
A Clarkson	6 Months	6 Months	No specific termination payment provided for
D Hogan	6 Months	6 Months	No specific termination payment provided for
J Nichols	3 Months	3 Months	No specific termination payment provided for
S Parkes	6 Months *	6 Months *	No specific termination payment provided for *
G Stephenson	6 Months	6 Months	No specific termination payment provided for

Table 6. Executive Employment Contracts

* Employment may be terminated by either party where there is a significant and material adverse change to duties or there is a change of control. On termination PMP must pay a sum equal to the employee's annual remuneration plus any short term incentive made or due to be made in respect of the prior financial year.

Remuneration

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

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

Key management personnel				Short term	Post employment superannuation	Long term	Total excluding rights	Equity rights	Grand total	Rights as a percentage of total remuneration
			Salary	STI		LSL		<m>		
			$	$	$	$	$	$	$	%
C Amos	<a>	2013	383,766	66,492	—	—	450,258	28,660	478,918	6%
	<b>	2012	356,728	—	17,235	—	373,963	33,330	407,293	8%
A Cicognani	<c>	2013	348,624	30,000	31,376	—	410,000	34,880	444,880	8%
	<d>	2012	254,727	—	22,910	—	277,637	39,783	317,420	13%
A Clarkson		2013	264,171	60,914	21,829	5,835	352,749	44,686	397,435	11%
		2012	259,862	—	23,388	6,132	289,382	63,143	352,525	18%
C Davison	<e>	2013	236,160	—	17,281	—	253,441	(74,932)	178,509	—
		2012	354,240	—	25,760	5,917	385,917	90,307	476,224	19%
P George	<f>	2013	550,459	511,170	49,541	—	1,111,170	59,400	1,170,570	5%
	<g>	2012	104,849	—	9,276	—	114,125	—	114,125	—
D Hogan	<h>	2013	93,559	21,182	8,420	—	123,161	—	123,161	—
J Nichols	<i>	2013	302,694	161,870	27,242	6,047	497,853	33,589	531,442	6%
S Parkes	<j>	2013	196,560	58,585	17,690	13,802	286,637	—	286,637	—
G Plant	<k>	2012	157,176	—	11,214	—	168,390	(40,007)	128,383	—
G Stephenson		2013	436,921	202,338	16,470	—	655,729	63,425	719,154	9%
		2012	399,225	—	15,775	—	415,000	80,924	495,924	16%
A Williams	<l>	2012	381,331	—	40,605	—	421,936	(55,085)	366,851	—
Total Remuneration KMP:		**2013**	**2,812,914**	**1,112,551**	**189,849**	**25,684**	**4,140,998**	**189,708**	**4,330,706**	
		2012	2,268,138	—	166,163	12,049	2,446,350	212,395	2,658,745	

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

<a> Includes relocation housing allowance of 2013: $48,213. Employee elected not to make superannuation contributions to a New Zealand kiwisaver superannuation fund. Remuneration paid in New Zealand and Australian dollars. New Zealand dollar remuneration converted into Australian dollars at the average profit and loss exchange rate prevailing during the year.

<b> Includes relocation housing allowance of 2012: $51,407. Remuneration paid in New Zealand and Australian dollars. New Zealand dollar remuneration converted into Australian dollars at the average profit and loss exchange rate prevailing during the year.

<c> A Cicognani appointed EGM of Group Strategy on 08/11/12. Prior to this, she was the EGM of PMP Direct. Remuneration is for the period from 01/07/12 to 30/06/13.

<d> Appointed EGM of PMP Direct on 10/10/11.

<e> Completion 28/02/13. (Termination payment of $285,000 excluded. Payment made on 28/02/13).

<f> Remuneration is for the period from 01/07/12 to 30/06/13. Chief Operating Officer from 01/07/12 to 21/10/12. Appointed Chief Executive Officer (‘CEO’) and Managing Director (‘MD’) on 22/10/12. CEO and MD from 22/10/12 to 30/06/13. STI comprises cash of $340,950 and PMP shares of $170,220. 33.3% of his STI is a fixed dollar value which is required to be converted to PMP shares. LTI (equity rights) relates to rights provisionally recorded pending shareholder approval at the 2013 Annual General Meeting.

<g> Appointed Chief Operating Officer on 24/04/12. P George retired as Non-executive Director on 23/04/12. Remuneration as a Non-Executive Director of $66,339 was received from 01/07/11 to 23/04/12 and is disclosed in Table 12. Whilst serving as a Non-Executive Director P George received additional fees of $338,865 for consulting services. Refer to Note 24 for further information.

<h> Appointed EGM of Gordon and Gotch Group on 01/03/13. Commenced employment on 18/02/13. Remuneration is for the period from 18/02/13 to 30/06/13.

<i> Appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/12 as the General Manager of Transformation. Remuneration is for the period from 01/07/12 to 30/06/13.

<j> Appointed Chief Sales Officer on 01/01/13. Prior to this, he was the Head of Print Sales in Australia. Remuneration is for the period from 01/07/12 to 30/06/13. STI includes $5,338 received as a sales commission as Head of Print Sales.

<k> Completion 31/01/12 (Termination payment of $170,012 excluded. Payment made on 31/01/12).

<l> Completion 17/04/12 (Termination payment of $495,898 excluded. Payment made on 24/04/12).

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

		Fixed annual remuneration	Maximum STI <f>	Actual STI <a>	Actual STI percentage of maximum STI	Maximum LTI <c>	Actual LTI <d> <e>	Actual LTI percentage of maximum LTI <e>	Maximum potential reward <b>	Actual reward <b>	At risk remuneration (of potential total)
		$	$	$	%	$	$	%	$	$	%
P George	<g>	600,000	600,000	511,170	85%	59,400	—	—	1,259,400	1,111,170	52%
C Amos	<h>	383,766	83,227	66,492	80%	72,019	—	—	539,012	450,258	29%
A Cicognani	<i>	380,000	95,000	30,000	32%	86,633	—	—	561,633	410,000	32%
A Clarkson		286,000	71,500	60,914	85%	109,866	—	—	467,366	346,914	39%
D Hogan	<j>	101,979	25,495	21,182	83%	—	—	—	127,474	123,161	20%
J Nichols	<k>	329,936	190,000	161,870	85%	33,589	—	—	553,525	491,806	40%
S Parkes	<l>	214,250	125,000	58,585	47%	—	—	—	339,250	272,835	37%
G Stephenson		453,391	237,500	202,338	85%	156,364	—	—	847,255	655,729	46%

Table 8. Key management personnel achievement of performance hurdles

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

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

<c> All long term incentives (LTIs) are composed of "rights". The value attributed to the "2013 Maximum LTI" amount is based on the accrued accounting value in accordance with AASB 2 'Share-based Payment'. Rights have been independently valued.

<d> The value attributed to the 2013 "Actual LTI" amount is the "intrinsic value" of rights exercised during the year. Intrinsic value is calculated as the difference between the share price and exercise price on the date exercised.

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

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

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

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

<i> A Cicognani appointed EGM of Group Strategy on 08/11/12. Prior to this, she was the EGM of PMP Direct. Remuneration is for the period from 01/07/12 to 30/06/13.

<j> D Hogan appointed EGM of Gordon and Gotch Group on 01/03/13. Commenced employment on 18/02/13. Remuneration is for the period from 18/02/13 to 30/06/13.

<k> J Nichols appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/12 as the General Manager of Transformation. Remuneration is for the period from 01/07/12 to 30/06/13.

<l> S Parkes appointed Chief Sales Officer on 01/01/13. Prior to this, he was the Head of Print Sales in Australia. Remuneration is for the period from 01/07/12 to 30/06/13. STI includes $5,338 received as sales commission as Head of Print Sales in Australia.

Share rights

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

Terms & Conditions for each grant of share rights during the year ending 30 June 2013 — **30 June 2013**

	Granted number	Grant date	Value per right at grant date $	Exercise price per share $	First exercise date	Last exercise date	Vested number
P George <g>	2,100,000	1/10/2012	<a>	N/A	<b>	31/8/2017	Nil
C Amos	975,000	1/10/2012	<a>	N/A	<b>	31/8/2017	Nil
A Cicognani	1,187,500	1/10/2012	<a>	N/A	<b>	31/8/2017	Nil
A Clarkson	893,750	1/10/2012	<a>	N/A	<b>	31/8/2017	Nil
C Davison <c>	1,187,500	1/10/2012	<a>	N/A	<b>	31/8/2017	Nil
J Nichols	1,187,500	1/10/2012	<a>	N/A	<b>	31/8/2017	Nil
G Stephenson	1,328,125	1/10/2012	<a>	N/A	<b>	31/8/2017	Nil
Total	**8,859,375**						**Nil**

Terms & Conditions for each grant of share rights during the year ending 30 June 2012 — **30 June 2012**

	Granted number	Grant date	Value per right at grant date $	Exercise price per share $	First exercise date	Last exercise date	Vested number
R I Allely	2,100,000	1/7/2011	<d>	N/A	<e>	30/6/2016	Nil
C Amos	229,412	1/10/2011	<f>	N/A	<e>	31/8/2016	Nil
P Browne <c>	227,206	1/10/2011	<f>	N/A	<e>	31/8/2016	Nil
A Cicognani	273,824	1/10/2011	<f>	N/A	<e>	31/8/2016	Nil
A Clarkson	210,294	1/10/2011	<f>	N/A	<e>	31/8/2016	Nil
C Davison	279,412	1/10/2011	<f>	N/A	<e>	31/8/2016	Nil
P George	—	—	—	N/A	—	—	Nil
G Stephenson	312,500	1/10/2011	<f>	N/A	<e>	31/8/2016	Nil
A Williams <c>	375,000	1/10/2011	<f>	N/A	<e>	31/8/2016	Nil
Total	**4,007,648**						**Nil**

Table 9. Key management personnel rights granted

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

<b> Following the announcement of the 2014-15 results.

<c> Rights lapsed on termination.

<d> Valuation in accordance with AASB 2 Share-based Payment.
Fair value per right - TSR hurdle - $0.35 (50% of granted rights).
Fair value per right - EBITDA hurdle - $0.50 (50% of granted rights).

<e> Following the announcement of the 2013-14 results.

<f> Valuation in accordance with AASB 2 Share-based Payment.
Fair value per right - TSR hurdle - $0.50 (50% of granted rights).
Fair value per right - EBITDA hurdle - $0.63 (50% of granted rights).

<g> Rights have been provisionally recorded pending approval by shareholders at the 2013 AGM.

		Balance 1 July 2012	Granted as remuneration	Rights exercised	Rights lapsed	Rights cancelled	Balance 30 June 2013	Not exercisable	Value at exercise date $	Share price at lapse date $	Value at lapse date $
2013								<a>			
P George	<b>	—	2,100,000	—	—	—	2,100,000	2,100,000	—	—	—
R I Allely	<c>	2,100,000	—	—	(2,100,000)	—	—	—	—	0.23	483,000
C Amos		229,412	975,000	—	—	—	1,204,412	1,204,412	—	—	—
A Cicognani	<d>	273,824	1,187,500	—	—	—	1,461,324	1,461,324	—	—	—
A Clarkson		587,881	893,750	—	(181,159)	—	1,300,472	1,300,472	—	0.28	50,725
C Davison	<e>	826,202	1,187,500	—	(2,013,702)	—	—	—	—	0.21	422,877
D Hogan	<f>	—	—	—	—	—	—	—	—	—	—
J Nichols	<g>	—	1,187,500	—	—	—	1,187,500	1,187,500	—	—	—
S Parkes	<h>	—	—	—	—	—	—	—	—	—	—
G Stephenson		707,783	1,328,125	—	(120,283)	—	1,915,625	1,915,625	—	0.28	33,679
Total		**4,725,102**	**8,859,375**	**—**	**(4,415,144)**	**—**	**9,169,333**	**9,169,833**	**—**		

		Balance 1 July 2011	Granted as remuneration	Rights exercised	Rights lapsed	Rights cancelled	Balance 30 June 2012	Not exercisable	Value at exercise date $	Share price at lapse date $	Value at lapse date $
2012								<a>			
R I Allely	<i>	279,297	2,100,000	—	(279,297)	—	2,100,000	2,100,000	—	0.68	189,922
C Amos		—	229,412	—	—	—	229,412	229,412	—	—	—
P Browne	<j>	522,342	227,206	—	(749,548)	—	—	—	—	0.37	277,333
A Cicognani	<k>	—	273,824	—	—	—	273,824	273,824	—	—	—
A Clarkson		420,839	210,294	—	(43,252)	—	587,881	587,881	—	0.68	29,411
C Davison		695,228	279,412	—	(148,438)	—	826,202	826,202	—	0.68	100,938
P George	<l>	—	—	—	—	—	—	—	—	—	—
G Plant	<j>	443,607	—	—	(443,607)	—	—	—	—	0.50	221,804
G Stephenson		395,283	312,500	—	—	—	707,783	707,783	—	—	—
A Williams	<j>	546,377	375,000	—	(921,377)	—	—	—	—	0.31	285,627
Total		**3,302,973**	**4,007,648**	**—**	**(2,585,519)**	**—**	**4,725,102**	**4,725,102**			

Table 10. Rights holdings key management personnel

<a> No rights are exercisable at 30 June 2013 (2012: nil).

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

<c> Resigned on 19/10/12. Rights lapsed on resignation of employment.

<d> Appointed EGM of Group Strategy on 08/11/12.

<e> Resigned on 28/02/13. Rights lapsed on resignation of employment.

<f> Appointed EGM of Gordon and Gotch Group on 01/03/13. Commenced employment on 18/02/13.

<g> Appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/12 as the General Manager of Transformation.

<h> Appointed Chief Sales Officer on 01/01/13. Prior to this, he was the Head of Print Sales in Australia.

<i> At the Annual General Meeting on 18 November 2011 shareholders approved the participation of Mr Allely in the PMP Long Term Incentive Plan. Mr Allely was awarded 2,100,000 performance rights under the Long Term Incentive Plan.

<j> Rights lapsed on termination of employment.

<k> Appointed EGM of PMP Direct on 10/10/11.

<l> Appointed Chief Operating Officer on 24/04/12.

2013		Balance 1 July 2012	On exercise of rights	Purchases	Sales	Other	Balance 30 June 2013
Directors							
R I Allely	<a>	712,365	—	—	—	(712,365)	—
M Bickford-Smith	<b>	200,000	—	—	—	—	200,000
I L Fraser	<c>	225,000	—	—	—	(225,000)	—
P George	<d>	—	—	—	—	92,619	92,619
Goh S N		—	—	—	—	—	—
P Margin		14,900	—	35,000	—	—	49,900
N Sparks		—	—	—	—	—	—
Total		**1,152,265**	**—**	**35,000**	**—**	**(844,746)**	**342,519**
Executives							
C Amos		—	—	—	—	—	—
A Cicognani	<e>	—	—	—	—	—	—
A Clarkson		—	—	—	—	—	—
C Davison	<f>	—	—	—	—	—	—
P George	<g>	92,619	—	—	—	(92,619)	—
D Hogan	<h>	—	—	—	—	—	—
J Nichols	<i>	—	—	—	—	—	—
S Parkes	<j>	—	—	—	—	—	—
G Stephenson		50,000	—	—	—	—	50,000
Total		**142,619**	**—**	**—**	**—**	**(92,619)**	**50,000**

Table 11. Share holdings key management personnel

<a> Resigned on 19/10/12.
<b> Appointed Chairman on 23/11/12.
<c> Retired as Chairman on 22/11/12 and as Director on 30/11/12.
<d> Appointed Chief Executive Officer and Managing Director on 22/10/12.
<e> Appointed EGM of Group Strategy on 08/11/12.
<f> Resigned 28/02/13.
<g> Retired as Chief Operating Officer on appointment as CEO and MD.
<h> Appointed EGM of Gordon and Gotch Group on 01/03/13. Employment commenced on 18/02/13.
<i> Appointed Chief Operating Officer on 01/01/13.
<j> Appointed Chief Sales Officer on 01/01/13.

7.9 Non-Executive Director Remuneration

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

The maximum allowance for the aggregate amount of fees has remained unchanged since 2004 at $750,000 per annum. In the last financial year, the Board paid $636,815 of this amount for Non-Executive Director remuneration - as shown in Table 12.

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

Chairman of the Board	$170,550
Non-Executive Director	$75,000
Chair of Audit and Risk Management Committee	$20,000
Member of Audit and Risk Management Committee	$12,000
Chair of Appointments and Compensation Committee	$13,000
Member of Appointments and Compensation Committee	$8,000
Statutory superannuation	9%

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

7.10 Performance Assessment

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

7.11 Retirement Benefits

Non-Executive Directors receive cash remuneration plus statutory superannuation contributions only. Payments for Directorship services provided by Goh Sik Ngee do not include provisions for statutory superannuation contributions. Directors do not receive any retirement benefits.

Specified Directors			Salary and fees	STI	Share purchases	Post employment superannuation	Long term employment LSL	Total excluding share-based	Equity share-based	Grand total
			$	$	$	$	$	$	$	$
M Bickford-Smith (Board Chair)	<a>	2013	157,909	—	—	14,212	—	172,121	—	172,121
	<d>	2012	101,333	—	—	9,120	—	110,453	—	110,453
I L Fraser	<b>	2013	76,063	—	—	6,846	—	82,909	—	82,909
	<e>	2012	148,724	—	—	13,385	—	162,109	—	162,109
P George	<f>	2012	60,714	—	—	5,625	—	66,339	—	66,339
Goh S N	<c>	2013	87,000	—	—	—	—	87,000	—	87,000
	<c>	2012	87,000	—	—	—	—	87,000	—	87,000
P Margin		2013	95,000	—	—	8,550	—	103,550	—	103,550
	<g>	2012	39,437	—	—	3,549	—	42,986	—	42,986
G J Reaney	<h>	2012	70,885	—	—	6,573	—	77,458	—	77,458
N Sparks		2013	83,000	—	—	7,470	—	90,470	—	90,470
		2012	83,000	—	—	7,470	—	90,470	—	90,470
Total Remuneration:										
— Non-Executive Directors		2013	498,972	—	—	37,078	—	536,050	—	536,050
		2012	591,093	—	—	45,722	—	636,815	—	636,815
P George (CEO)	<i>	2013	382,928	511,170	—	34,463	—	928,561	59,400	987,961
R I Allely	<j>	2013	254,510	—	—	5,550	—	260,060	(297,500)	(37,440)
		2012	764,225	—	—	15,775	998	780,998	305,480	1,086,478
Total Remuneration:										
— Executive Directors		2013	637,438	511,170	—	40,013	—	1,188,621	(238,100)	950,521
		2012	764,225	—	—	15,775	998	780,998	305,480	1,086,478
Total Remuneration:										
— Directors		2013	1,136,410	511,170	—	77,091	—	1,724,671	(238,100)	1,486,571
		2012	1,355,318	—	—	61,497	998	1,417,813	305,480	1,723,293

Table 12. Specified Director remuneration

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

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

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

<d> M Bickford-Smith was a member of the Audit and Risk Management Committee and chairman of this committee from 15/12/11 to 14/02/12.

<e> I L Fraser appointed Chairman of the Board on 18/11/11. Retired as Chairman of the Audit and Risk Management Committee on 18/11/11.

<f> P George retired as a Non-Executive Director on 23/04/12. P George was appointed Chief Operating Officer on 24/04/12. Remuneration of $114,125 received by P George as Chief Operating Officer from 24/04/12 to the 30/06/12 is disclosed in Table 7. Whilst serving as a Non-Executive Director P George received additional fees of $338,865 for consulting services. Refer to Note 24 for further information.

<g> P Margin appointed Non-Executive Director of the Board 30/01/12. Appointed Chairman of the Audit and Risk Management Committee on 14/02/12.

<h> G J Reaney retired 18/11/11.

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

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

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

Matthew Bickford-Smith
Chairman

Peter George
Chief Executive Officer and Managing Director

Sydney, 30 August 2013

INDEPENDENT AUDITOR'S DECLARATION

Deloitte.

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

30 August 2013

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 2013, 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

G Couttas
Partner
Chartered Accountants

COMMENTARY ON THE ACCOUNTS

Geoff Stephenson
B.Bus CPA GAICD
Chief Financial Officer

Operating Sales Revenue

Operating sales revenue for FY13 was $975.8 million, a 10.8% decrease on the prior year mainly due to lower Print volumes down 12.3% across magazines, catalogues and directories. Gordon and Gotch volumes also fell 11.9% while Distribution volumes were 1.5% lower. PMP Australia (which incorporates the former Print Australia, Digital and Distribution and book printing businesses) saw revenues fall 12.5% or $70.4 million versus last year on lower volumes, from existing customers in challenging retail markets and Directories' sales were down 9.5%. Distribution Australia volumes were 2.4% lower with reduced activity from existing customers. Revenue at PMP New Zealand fell by 7.3%, or $12.6 million, as higher Sheetfed revenues were offset by lower sales in Heatset and at Gordon & Gotch.

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

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

Earnings Before Interest and Tax (EBIT)

The full-year EBIT (before significant items) was $34.4 million, up 5.1% or $1.7 million on the prior year as transformation savings and cost controls offset lower volumes and sell prices. New Zealand EBIT was up $8.1 million pcp (previous corresponding period) as the transformation plan was completed while Corporate costs fell $2.7 million. However, most of these gains were offset by PMP Australia's EBIT falling by 23.2%, or $9.3 million as savings from Phase 2 transformation and tight cost controls were offset by lower volumes and sell prices with both publishing and retail tonnes down on lower activity from existing customers in response to continued challenging retail conditions. Gordon and Gotch's EBIT was up $0.1 million as lower magazine volumes were offset by lower direct and indirect costs.

Net Profit After Tax (NPAT)

Net loss increased versus prior period, with a loss of $69.7 million this year compared to a loss of $24.5 million in the previous year. While EBIT (before significant items) was up $1.7 million and interest expense was lower by $4.1 million (from lower interest expense and non-cash swap revaluation gains) this was offset by significant items up $47.4 million. In fiscal 2013, there were $88.5 million of significant items relating mainly to the $56.0 million of non-cash impairments of goodwill associated with the print business in Australia and the transformation plan in Australia including redundancy payments, closure costs for the Chullora and Digital sites which were partially offset by the profit on asset sales.

Cash Flow

The Groups' net free cash flow was $54.2 million compared to ($2.3 million) in FY12 as $74.8M of asset sale proceeds and trading cash flows offset transformation plan spend and payments for the new manroland press with the balance repaying debt. Cash flow for operations was down $23.8 million after a $33.3 million increase in significant items.

Net debt fell from $143.3 million to $89.1 million in A$ terms i.e. after translating the Euro and NZ$ debt to A$ and the Euro debt into the hedged fixed-rate A$ amount.

Balance Sheet

At year end, net assets for the group stand at $258.0 million, down $62.6 million from $320.7 million in the previous year. The Group's gearing remains strong, with net debt to EBITDA (before significant items) now standing at 1.2 times, down from 1.9 times last year, and interest cover was flat i.e. 4.8 versus 4.9 times. During the year, 4 properties were sold and leased back, the Pacific Micromarketing business was sold as well as some surplus presses and the manroland press purchase was completed. In February 2013, a new Euro 17 million loan was drawn, it is secured against the manroland press and has a maturity date of September 2021 with semi-annual amortisations.

$M	2013	2012	% Change
EBITDA (before significant items)	**72.2**	76.5	(5.7%)
Depreciation & Amortisation	**(37.8)**	(43.8)	13.7%
EBIT (before significant items)	**34.4**	32.7	5.1%
Financing Costs	**(13.9)** *	(17.7)	21.8%
Income Tax (expense)/ benefit	**(5.7)**	(6.2)	7.3%
Net Profit (before significant items)	**14.8**	8.8	68.7%
Significant items	**(88.5)**	(41.1)	—
Income Tax benefit on significant items	**4.0**	7.8	—
Net (loss)	**(69.7)**	(24.5)	—

* Excludes Significant Item of $177,000

Segment Revenue

$M	2013	2012	VARIANCE
Sales Revenue			
PMP Australia	**493.6**	564.0	(12.5%)
PMP New Zealand	**158.8**	171.4	(7.3%)
Gordon and Gotch	**323.4**	358.5	(9.8%)
Corporate	**—**	—	—
Total	**975.8**	1,093.9	(10.8%)

Segment EBIT before significant items

$M	2013	2012	VARIANCE
EBIT before significant items			
PMP Australia	**30.6**	39.9	(23.2%)
PMP New Zealand	**9.7**	1.6	—
Gordon and Gotch	**1.1**	1.0	12.1%
Corporate	**(7.0)**	(9.8)	27.8%
Total	**34.4**	32.7	5.1%

Cash Flow

$M	2013	2012
EBITDA before significant items	**72.2**	76.5
Borrowing costs	**(18.0)**	(14.3)
Income tax (paid)/refunds	**0.0**	(2.8)
Net movement in working capital	**(2.9)**	(17.6)
Trading cash flow	**51.3**	41.8
Significant items	**(43.7)**	(10.4)
Cash flow from operating activities	**7.6**	31.4
Asset sales	**74.8**	5.9
Dividends paid and share buy-back	**—**	(9.3)
Capital expenditure	**(23.8)**	(29.6)
(Loss)/gain on New Zealand debt revaluation	**(4.4)**	(0.7)
Free cash flow	**54.2**	(2.3)

Balance Sheet *Year ended 30 June*

$M	2013	2012
Current assets	**220.4**	215.2
Non-current assets	**328.7**	446.5
Total assets	**549.1**	661.7
Current liabilities	**198.6**	249.8
Non-current liabilities	**92.5**	91.2
Total liabilities	**291.1**	341.0
Net assets	**258.0**	320.7

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2013	NOTES	PMP Group ($'000) 2013	2012
Continuing operations			
Sales revenue	2(a),21	**975,810**	1,093,890
Other revenue	2(a),21	**33,118**	7,751
Raw materials and consumables used		**(239,249)**	(272,547)
Cost of finished goods sold		**(309,111)**	(341,948)
Employee expenses		**(297,697)**	(301,199)
Outside production services		**(23,293)**	(26,076)
Freight		**(22,303)**	(26,284)
Repairs and maintenance		**(16,303)**	(20,593)
Occupancy costs		**(26,151)**	(18,129)
Other expenses		**(91,286)**	(59,449)
Depreciation and amortisation	2(e), 21	**(37,803)**	(43,815)
Finance costs	3	**(13,714)**	(17,766)
Share of (losses)/profits of jointly controlled entity		**(20)**	20
Loss before income tax	2(c)	**(68,002)**	(26,145)
Income tax (expense)/benefit:			
Current tax benefit/(expense) in respect of the current period		**12,127**	3,448
Deferred tax (expense)/benefit relating to the current period		**(13,868)**	(1,828)
Total tax (expense)/benefit	4	**(1,741)**	1,620
Net loss after income tax		**(69,743)**	(24,525)
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains/(losses)	22	**299**	(1,806)
Income tax relating to items that will not be reclassified subsequently		**(90)**	541
		209	(1,265)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,423**	255
Gain/(loss) on cash flow hedges taken to equity		**6,388**	(716)
Income tax relating to items that may be reclassified subsequently		**(1,903)**	262
		6,908	(199)
Other comprehensive income/(expense) for the period (net of tax)		**7,117**	(1,464)
Total comprehensive loss for the year		**(62,626)**	(25,989)
Basic earnings per share (cents)	28	**(21.5)**	(7.5)
Diluted earnings per share (cents)	28	**(21.5)**	(7.5)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)	28(a)	**323,781**	327,039

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

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 30 JUNE 2013	NOTES	PMP Group ($'000)	
		2013	2012
Current assets			
Cash and cash equivalents	29(b)	**21,211**	12,254
Receivables	5	**96,169**	106,342
Inventories	6	**80,710**	77,255
Financial assets	15	**5,740**	600
Other	7	**8,597**	17,776
		212,427	214,227
Non-current assets classified as held for sale	8	**7,952**	1,000
Total current assets		**220,379**	215,227
Non-current assets			
Property, plant and equipment	9	**233,425**	298,955
Deferred tax assets	11	**62,232**	63,535
Goodwill and intangible assets	10	**26,541**	82,230
Financial assets	15	**2,527**	—
Other	7	**3,971**	1,829
Total non-current assets		**328,696**	446,549
Total assets		**549,075**	661,776
Current liabilities			
Payables	12	**138,897**	141,500
Interest bearing liabilities - financial institutions	13(a)	**32,848**	75,628
Income tax payable		**21**	63
Financial liabilities	15	**1,096**	4,048
Provisions	14	**25,691**	28,620
Total current liabilities		**198,553**	249,859
Non-current liabilities			
Interest bearing liabilities - financial institutions	13(b)	**80,470**	79,890
Deferred tax liabilities	11	**3,981**	2,168
Financial liabilities	15	**632**	3,970
Provisions	14	**7,405**	4,749
Pension liability	22(b)	**—**	480
Total non-current liabilities		**92,488**	91,257
Total liabilities		**291,041**	341,116
Net assets		**258,034**	320,660
Equity			
Contributed equity	16	**356,035**	356,035
Reserves	18	**7,429**	521
Accumulated losses		**(105,430)**	(35,896)
Total equity		**258,034**	320,660

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

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2013	NOTES	PMP Group ($'000) 2013	2012
Cash flows from operating activities			
Receipts from customers		**1,088,108**	1,233,118
Payments to suppliers and employees		**(1,061,495)**	(1,184,956)
Interest rate swap close out costs	3	**(1,291)**	—
Interest received	2(a)	**267**	330
Interest and other costs of finance paid		**(17,976)**	(14,324)
Income tax paid		**(17)**	(2,764)
Net cash flow from operating activities	29(a)	**7,596**	31,404
Cash flows from investing activities			
Payments for property, plant and equipment		**(23,678)**	(18,312)
Prepayment for property, plant and equipment		**—**	(11,079)
Proceeds from sale of property, plant and equipment		**69,606**	5,612
Payments for development costs and licences		**(93)**	(220)
Proceeds from sale of business		**5,179**	348
Net cash flow used in investing activities		**51,014**	(23,651)
Cash flows from financing activities			
Net (repayments of)/proceeds from borrowings		**(49,522)**	1,067
Payment of finance lease liabilities		**(89)**	(54)
Dividends paid to company's shareholders	17	**—**	(6,553)
Payment for share buy-back	16	**—**	(2,689)
Net cash flow used in financing activities		**(49,611)**	(8,229)
Net increase/(decrease) in cash and cash equivalents		**8,999**	(476)
Cash and cash equivalents at the beginning of the financial year		**11,703**	12,097
Effects of exchange rate changes on cash and cash equivalents		**509**	82
Cash and cash equivalents at end of the financial year	29(b)	**21,211**	11,703

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2013	PMP Group ($'000)					
	Contributed equity	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Cash flow hedge reserve	Total equity
	Attributable to equity holders of PMP Limited					
At 1 July 2011	622,361	(267,986)	1,204	1,360	(1,604)	355,335
Currency translation differences	—	—	255	—	—	255
Cash flow hedges (net of tax)	—	—	—	—	(454)	(454)
Defined benefit plan (net of tax)	—	(1,265)	—	—	—	(1,265)
Total (expense)/income recognised directly in equity	—	(1,265)	255	—	(454)	(1,464)
Loss for the year	—	(24,525)	—	—	—	(24,525)
Total comprehensive (expense)/income for the year	—	(25,790)	255	—	(454)	(25,989)
Dividends	—	(6,553)	—	—	—	(6,553)
Share capital reduction ^	(263,637)	263,637	—	—	—	—
Share buy-back	(2,689)	—	—	—	—	(2,689)
Share-based payments	—	796	—	(240)	—	556
At 30 June 2012	356,035	(35,896)	1,459	1,120	(2,058)	320,660
At 1 July 2012	356,035	(35,896)	1,459	1,120	(2,058)	320,660
Currency translation differences	—	—	2,423	—	—	2,423
Cash flow hedges (net of tax)	—	—	—	—	4,485	4,485
Defined benefit plan (net of tax)	—	209	—	—	—	209
Total income/(expense) recognised directly in equity	—	209	2,423	—	4,485	7,117
Loss for the year	—	(69,743)	—	—	—	(69,743)
Total comprehensive (expense)/income for the year	—	(69,534)	2,423	—	4,485	(62,626)
Share-based payments	—	—	—	—	—	—
At 30 June 2013	**356,035**	**(105,430)**	**3,882**	**1,120**	**2,427**	**258,034**

^ The Company reduced its retained losses and share capital by an equal amount via a section 258F Corporations Act reduction. See Note 16 for further details.

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

FINANCIAL INDEX

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

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.

Historical cost convention

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

Statement of compliance

Compliance with IFRS

The financial statements comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial statements, comprising the financial statements and notes, thereto comply with International Financial Reporting Standards ('IFRS').

Working Capital

As at 30 June 2012, the PMP Group had current liabilities in excess of current assets by $34.6 million. In May 2013, the PMP Group announced the completion of its sale and lease-back of four properties. The cash proceeds realised were used to repay debt and fund the Transformation Plan. As at 30 June 2013, the PMP Group's current assets exceed current liabilities by $21.8 million.

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 2013. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported in current or prior periods.

1 Summary of significant accounting policies (continued)

New and revised Standards and amendments thereof and Interpretations effective for the current financial year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'amendments to Australian Accounting Standards - presentation of items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior financial years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its financial statements.

AASB 2011-9 introduces new terminology for the Statement of comprehensive income. Under the amendments to AASB 101, the Statement of comprehensive income is renamed as a Statement of profit or loss and other comprehensive income. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income as either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit and loss; and (b) items that may be reclassified subsequently to profit and loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Standards and interpretations issued not yet adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016
- AASB 10 'Consolidated financial statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
- AASB 13 Fair Value Measurement and AASB 2010-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
- AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
- AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2014
- AASB 2012-10 'Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

AASB 10, 11 and 12 will impact PMP should the company create new interests in controlled entities, the accounting for such transactions, may be different to that applied to transactions in the past.

Implementation of AASB 119 is expected to result in changes to the accounting treatment for PMP's defined benefit superannuation plan. Under the revised standard, return on plan assets will be calculated based on the rate used to discount the obligations rather than the expected rate of return of these assets, which will have an impact on profit or loss. The impact is not expected to be material.

The potential impact of the initial application of the remaining above standards has not yet been determined.

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 year, the Group changed to a functional organisational structure which combines the sales, operations, finance and logistic functions for Heatset, Distribution and Digital Premedia. As a result of this change, the management and internal reporting of the Group changed.

In accordance with how the Group defines its operating segments, this restructure has resulted in a change to the segment report for all comparable periods. PMP Australia comprises all the Print businesses in Australia namely Heatset, Directories and Griffin Press, and also includes Distribution and Digital Premedia. Previously Distribution and Digital Premedia were both separate operating segments. There has been no change to operating segments for Gordon and Gotch Australia and New Zealand.

Basis of consolidation

Subsidiaries

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

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

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.

Jointly controlled entity

The Group's investment in a jointly controlled entity is accounted for using the equity method.

Under the equity method, the investment is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets.

The income statement reflects the Group's share of the results of operations of the jointly controlled entity.

During the financial year, the Group divested its interest in the jointly controlled entity.

Recoverable amount of assets

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

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

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

In assessing fair value less costs to sell, the estimated post tax future cash flows, including future uncommitted restructurings and associated benefits, are discounted using a post tax rate.

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

Foreign currencies

Both the functional and presentation currency of PMP Limited and its Australian subsidiaries is Australian dollars. The functional currencies of the overseas operations equates to their local currency.

Transactions in foreign currencies are converted to functional currency at the rate of exchange ruling at the date of the transaction.

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

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

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

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

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

Cash and cash equivalents

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

1 Summary of significant accounting policies (continued)

Trade receivables

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

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

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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

Property, plant and equipment

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

Depreciation

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

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

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

Non-current assets (or disposal groups) held for sale

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

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

Payables

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

Payables to related parties are carried at the principal amount.

Leases

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

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

Operating leases, which do not transfer to the Group substantially all the risks and benefits of the leased item, are not capitalised and rental payments are included in the determination of the profit and loss in equal instalments over the lease term.

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

Intangible assets

Goodwill

Goodwill represents the excess of the purchase consideration plus incidental expenses over the fair value of identifiable net assets and contingent liabilities acquired at the date of acquisition of a business.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but is reviewed for impairment each reporting date, or more frequently if events or changes indicate that the carrying amount may be impaired.

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

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

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

Development and licence costs

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

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

1 Summary of significant accounting policies (continued)

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

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

Customer contract

The PMP Group had a significant intangible asset which was acquired as part of a business combination relating to the directory printing contract. At 30 June 2012 the contract was fully impaired.

Revenue recognition

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

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

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

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

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

Taxes

Income tax

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

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

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

Tax consolidation legislation

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

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

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

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

Goods and services tax (GST)

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

Employee benefits

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

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

Liabilities arising in respect of wages and salaries, annual leave, 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 national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

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

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

Superannuation

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

1 Summary of significant accounting policies (continued)

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

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

Share-based payment transactions

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

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

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

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

Interest bearing liabilities

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

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

Finance costs

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

Provisions

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

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

Financial instruments

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

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

1 Summary of significant accounting policies (continued)

(iii) Derivatives that do not qualify for hedge accounting

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

Earnings per share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Contributed equity

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

Dividends

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

Segment reporting

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

Business combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured at fair value of the assets given, equity instruments issued or liabilities incurred plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at acquisition date. The excess of cost over the fair value of net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income.

Contingent consideration is measured at its acquisition date at fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments and are classified as an asset or liability are remeasured at subsequent reporting dates through profit or loss.

Acquisition related costs are expensed as incurred.

Critical accounting estimates, assumptions and judgements

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

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

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

- Note 10 - Impairment testing of goodwill and intangibles with indefinite useful lives
- Note 11 - Deferred tax
- Note 22 - Pension plans actuarial assumptions
- Note 30 - Financial instruments

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

The Group determines whether goodwill is impaired on a bi-annual basis and assesses impairment of all other assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless it does not generate inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs. An estimation of the recoverable amount of cash generating units is made by using a value in use model or fair value less costs to sell. 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 to sell, primary consideration is given to external sources of value such as a binding sales agreement adjusted for costs to sell, market price in an actively traded market or the best information available to reflect the amount to be obtained from disposal. PMP's shares are thinly traded and in the absence of a binding sales

1 Summary of significant accounting policies (continued)

agreement, fair value has been assessed using a discounted cash flow methodology. This is supported by EBITDA multiples which serve as an external cross check. PMP believe that this provides the best indication of the recoverable amount to be obtained from disposal of the cash generating unit at arms length between knowledgeable and willing parties.

The Print industry in Australia has gone through a very difficult period with significant competition for reducing volumes and further price reductions. The Print Australia business is part of the PMP Australia cash generating unit and segment. Due to the continued transformation plan, the recoverable amount of the PMP Australia cash generating unit has been determined using a discounted cash flow methodology with reference to external indicators such as EBITDA multiples. At December 2012, the Company booked a $20.0 million impairment of goodwill associated with the PMP Australia cash generating unit. Market conditions worsened in the second half, and the long term cash flows associated with this cash generating unit were unable to support the carrying value of goodwill, when taking into account the higher risks associated with this cash generating unit. This resulted in a further $36.0 million non cash impairment and there is no more goodwill associated with the PMP Australia cash generating unit. This has resulted in an impairment charge of $56.0 million being recorded against the goodwill in the cash generating unit for the 2013 financial year.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and level of future taxable profits.

The transformation plan has resulted in an Australian tax loss in the 2013 financial year and a possible further loss in the 2014 financial year (significantly lower than the 2013 loss). This has resulted in an extension of the time frame for utilisation of the Australian tax losses and increased the risk of realisation of this asset. The Directors considered it prudent to not recognise $13.2 million of tax benefit at 30 June 2013 (equating to the forecast 2013 Australian tax loss). Despite the non-recognition of these losses on the balance sheet, the losses will remain available indefinitely for offset against future taxable profits, subject to continuing to meet the statutory tax tests of continuity of ownership or failing that, the same business test.

The Directors believe the Australian deferred tax asset value of $37.4 million, attributable to tax losses, is supportable given expected future tax profits from the 2015 financial year onwards, making it probable that the tax losses will be recouped over a period of 7 to 8 years. The New Zealand deferred tax asset value of $8.6 million, attributable to tax losses (which were partly recouped this year), are also expected to be fully recouped over a period of 4 to 5 years. It should be noted that this will need to be reassessed on an ongoing basis to ensure the deferred tax asset value continues to be supportable, taking into account updated earnings forecast and relevant income tax legislation.

Comparative amounts

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

		PMP Group ($'000)	
	NOTES	2013	2012

2a Revenue

	NOTES	2013	2012
Sales revenue		975,810	1,093,890
Included in loss before income tax are the following items of other revenue:			
Other income - external		3,593	4,385
Rental income		2,090	2,984
Net gain on disposal of business	2(c)	5,885	—
Net gain on disposal of property	2(b), 2(c)	21,033	—
Net gain on disposal of plant and equipment	2(c)	250	52
Interest			
Bank interest	3	267	330
Total other revenue		33,118	7,751
Total revenue	21	1,008,928	1,101,641

2b Significant items

	NOTES	2013	2012
Included in net loss after income tax are the following significant items of income and expense:			
Significant income and expenses			
Gain on disposal of property *	2(a)	(21,033)	—
Gain on disposal of business and fixed assets		(5,885)	(198)
Gain on disposal of plant and equipment and non-current assets classified as held for sale		(332)	—
Directories' closure costs		18,114	—
Restructure initiatives and other one off costs		31,956	11,807
Impairment of plant, equipment, intangibles and goodwill due to restructure initiatives	2(c)	65,861	28,268
Impairment of plant and equipment held for sale to fair value less costs to sell	2(c)	—	1,217
Finance cost interest rate swap unwind	3	(177)	—
Total significant items (included in loss before interest and tax)		88,504	41,094
Tax benefit associated with significant items		13,688	7,825
Tax losses not brought to account		(13,206)	—
Use of capital gains tax losses not previously recognised		3,531	—
Tax benefit		4,013	7,825
Significant items have been included in the Statement of profit or loss and other comprehensive income within the following categories:			
Other revenue		(27,250)	(198)
Cost of finished goods sold		—	(65)
Employee expenses		37,164	9,144
Freight		—	(139)
Repairs and maintenance		209	1,066
Occupancy costs		7,980	96
Other expenses **		70,578	31,190
Finance costs		(177)	—
		88,504	41,094

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

** Other expenses include a goodwill impairment of $56.0 million.

	NOTES	PMP Group ($'000) 2013	2012
2c Loss before income tax			
Loss before income tax is arrived at after charging/(crediting) the following items:			
Lease rental expenses - operating leases		**18,037**	19,132
Net foreign exchange loss/(gain)		**11**	(346)
Share-based payment plans	18	**—**	556
Net gain on disposal of business	2(a)	**(5,885)**	—
Net gain on disposal of property, plant and equipment	2(a)	**(21,283)**	(52)
Impairment of goodwill, intangibles, plant and equipment	2(b)	**65,861**	29,485

	($) 2013	2012
2d Auditors' remuneration		
Auditor of the parent entity		
Auditing the accounts	**299,330**	299,330
Other services		
- Taxation and related advisory services	**100,320**	138,135
- Consulting services	**5,250**	56,076
	404,900	493,541
Network firm of the parent entity auditor		
Auditing the accounts	**89,909**	96,520
Other services		
- Taxation and related advisory services	**131,532**	40,023
- Consulting services	**—**	19,658
	221,441	156,201

	NOTES	PMP Group ($'000) 2013	2012
2e Depreciation and amortisation			
Depreciation			
Freehold buildings	9(a)	**1,571**	2,196
Leasehold improvements	9(a)	**1,298**	1,072
Plant and equipment	9(a)	**34,056**	36,841
Leased plant and equipment	9(a)	**73**	132
Total depreciation		**36,998**	40,241
Amortisation			
Development and licence costs	10(a)	**805**	1,074
Contract intangible	10(a)	**—**	2,500
Total amortisation		**805**	3,574
Total depreciation and amortisation		**37,803**	43,815
3 Finance costs			
Interest expense			
Bank loans and overdraft		**14,968**	15,657
Unwind of discount on long term provisions		**107**	78
Finance lease charges		**12**	15
Total interest expense		**15,087**	15,750
Interest rate swaps (gains)/losses		**(1,196)**	2,016
Gain on realisation of swaps closed out	2(b)	**(1,468)**	—
Interest rate swap close out costs	2(b)	**1,291**	—
Total finance costs		**13,714**	17,766
Interest income	2(a)	**(267)**	(330)
Net finance costs		**13,447**	17,436

	NOTES	PMP Group ($'000) 2013	2012
4 Income tax			
(a) Reconciliation of income tax expense/(benefit)			
Loss before income tax		**(68,002)**	(26,145)
Prima facie income tax benefit thereon at 30% (2012: 30%)		**(20,401)**	(7,844)
Tax effect of timing and other differences:			
Non assessable income		**(3,980)**	(101)
Capital gains tax losses not previously recognised		**(3,531)**	—
Recognition of increased deferred tax liability on New Zealand buildings due to additions in the year as zero tax depreciation allowed		**—**	380
Effect of differences in overseas tax rate		**(40)**	194
Income tax (over)/under provided in previous year		**(596)**	4
Non deductible items for tax purposes		**17,083**	5,747
Benefit of tax losses not brought to account		**13,206**	—
Income tax expense/(benefit) attributable to loss		**1,741**	(1,620)
Major component of income tax expense/(benefit):			
Current tax (benefit)/expense		**(12,127)**	(3,448)
Deferred tax expense/(benefit)		**13,868**	1,828
Income tax expense/(benefit) attributable to loss		**1,741**	(1,620)

(b) Deferred tax assets and deferred tax liabilities

At 30 June 2013 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 (2012: $nil).

(c) Franking credits

		2013	2012
The amount of franking credits available are:			
Franking account balance as at the end of the financial year at 30% (2012: 30%)		**1,580**	1,601
Franking (debits)/credits that will arise from the refund/payment of income tax due as at the end of the financial year		**—**	(82)
Franking debits that will arise from the dividends declared subsequent to balance date but not recognised as a distribution to equity holders during the period		**—**	—
Franking account balance		**1,580**	1,519

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

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

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

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

	($'000) Gross	Tax effected
(e) Tax losses not brought to account		
Revenue losses	44,020	13,206
Capital losses	278,972	83,692

The benefit of these revenue losses has not been brought to account as realisation is not probable. Refer to Note 11 for further details. In addition, capital losses are only able to be used against capital gains and so are not recognised until used in any tax year.

	NOTES	PMP Group ($'000) 2013	2012

5 Receivables

	NOTES	2013	2012
Trade debtors*		**94,658**	105,953
Provision for doubtful debts	5(a)	**(1,579)**	(2,164)
Net trade debtors		**93,079**	103,789
Other debtors	5(c)	**3,090**	2,553
Total current receivables		**96,169**	106,342

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

(a) Impaired trade receivables

PMP Group:

At 30 June 2013 a provision for doubtful debts of $1,579,000 (2012: $2,164,000) has been recognised. This relates to a variety of customers who are in unexpectedly difficult economic situations.

Movements in the provision for doubtful debts are as follows:

	2013	2012
Balance as at 1 July	**2,164**	2,547
Provision for doubtful debts recognised	**2,506**	1,287
Amounts written off	**(1,713)**	(956)
Amounts recovered	**(342)**	(8)
Unused amount reversed	**(1,067)**	(710)
Net foreign currency translation difference	**31**	4
Balance at 30 June	**1,579**	2,164

In determining the recoverability of trade receivables the Group will consider any change in the credit quality of the receivable from the date credit was originally granted up to the reporting date. The creation and release of the provision for impaired receivables has been included in "other expenses" in the statement of profit or loss and other comprehensive income. Amounts due are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

At 30 June 2013 there were $6,957,000 (2012: $22,713,000) of trade receivables in the PMP Group past due but not impaired.

The aging analysis of these trade receivables is as follows:

	2013	2012
Past due 1 - 30 days	**5,963**	19,960
Past due 31 - 60 days	**449**	1,814
Past due 61 - 90 days	**384**	662
Past due greater than 90 days	**161**	277
	6,957	22,713

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

(c) Other debtors

Other debtors generally arise from transactions outside of usual operating activities of the Group. Other debtors does not contain impaired assets and are not past due. Collateral is not usually obtained.

	NOTES	PMP Group ($'000) 2013	2012

6 Inventories

	NOTES	2013	2012
Raw materials, spare parts and stores at cost		**44,237**	42,893
Less: provision for diminution		**(1,422)**	(1,316)
Net raw materials, spare parts and stores		**42,815**	41,577
Finished goods at cost		**34,981**	30,000
Work in progress at cost		**2,914**	5,678
Total current inventories		**80,710**	77,255

7 Other assets

	NOTES	2013	2012
Current other assets			
Prepayments*		**8,597**	17,776
Total current other assets		**8,597**	17,776

* The 2012 financial year includes $11.1 million pre-paid for the construction of a printing press.

	NOTES	2013	2012
Non-current other assets			
Shares in other entities - unlisted at cost		**280**	280
Write-down to realisable value		**(40)**	(40)
Investment accounted for using the equity method	33	**—**	20
Pension asset	22(b)	**301**	—
Other assets		**3,430**	1,569
Total non-current other assets		**3,971**	1,829

8 Non-current assets classified as held for sale

	NOTES	2013	2012
Plant and equipment	8(a)	**7,952**	1,000
Total non-current assets classified as held for sale		**7,952**	1,000

(a) Reconciliation

	NOTES	2013	2012
Carrying amount at beginning of year		**1,000**	—
Assets classified as held for sale in the year	9	**7,952**	1,000
Removal of assets no longer classified as held for sale		**(1,000)**	—
Carrying amount at end of year		**7,952**	1,000

	NOTES	PMP Group ($'000) 2013	2012
9 Property, plant and equipment			
Land			
At cost	9(a)	—	16,098
Freehold buildings			
At cost		**160**	61,407
Accumulated depreciation		**(133)**	(22,978)
Net freehold buildings	9(a)	**27**	38,429
Leasehold improvements			
At cost		**13,372**	13,355
Accumulated amortisation		**(4,692)**	(3,805)
Impairment		**(2,567)**	(662)
Net leasehold improvements	9(a)	**6,113**	8,888
Plant and equipment			
At cost		**659,167**	681,786
Accumulated depreciation		**(403,331)**	(425,690)
Impairment		**(28,610)**	(20,688)
Net plant and equipment	9(a)	**227,226**	235,408
Leased plant and equipment			
At cost		**338**	338
Accumulated depreciation		**(279)**	(206)
Net leased plant and equipment	9(a)	**59**	132
Total net property, plant and equipment	9(a)	**233,425**	298,955

During the financial year, the Group entered into sale and lease-back arrangements for some of its properties. The Group's remaining properties are being actively marketed for sale and have been disclosed as non-current assets classified as held for sale.

	NOTES	PMP Group ($'000) 2013	2012
9 Property, plant and equipment (continued)			
(a) Reconciliations			
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:			
Land			
Carrying amount at beginning of year		**16,098**	16,098
Disposals		**(12,678)**	—
Land classified as held for sale (net movement)	8	**(3,474)**	—
Net foreign currency translation difference		**54**	—
Carrying amount at end of year		**—**	16,098
Freehold buildings			
Carrying amount at beginning of year		**38,429**	38,847
Additions		**—**	276
Disposals		**(32,196)**	(9)
Buildings classified as held for sale (net movement)	8	**(3,839)**	—
Transfer (to)/from other fixed asset category		**(984)**	1,474
Depreciation	2(e)	**(1,571)**	(2,196)
Net foreign currency translation difference		**188**	37
Carrying amount at end of year		**27**	38,429
Leasehold improvements			
Carrying amount at beginning of year		**8,888**	3,718
Additions		**27**	66
Disposals		**(18)**	(24)
Transfer from other fixed asset category		**82**	6,515
Impairment charge	9(b)	**(1,668)**	(339)
Prior year correction of impairment misallocation		**(237)**	—
Depreciation	2(e)	**(1,298)**	(1,072)
Net foreign currency translation difference		**337**	24
Carrying amount at end of year		**6,113**	8,888
Plant and equipment			
Carrying amount at beginning of year		**235,408**	275,894
Additions *		**35,052**	20,391
Disposals		**(3,647)**	(1,425)
Disposals on sale of business	27	**(342)**	—
Plant and equipment classified as held for sale (net movement)	8	**(639)**	(1,000)
Impairment charge	9(b)	**(8,159)**	(14,200)
Transfer from/(to) other fixed asset category		**902**	(7,989)
Prior year correction of impairment misallocation		**237**	—
Transfer to development costs	10(a)	**(71)**	(200)
Depreciation	2(e)	**(34,056)**	(36,841)
Expensed to the profit and loss		**(59)**	—
Net foreign currency translation difference		**2,600**	778
Carrying amount at end of year		**227,226**	235,408
Leased plant and equipment			
Carrying amount at beginning of year		**132**	146
Additions		**—**	118
Depreciation	2(e)	**(73)**	(132)
Carrying amount at end of year		**59**	132
Total net property, plant and equipment		**233,425**	298,955
* Includes the transfer to plant and equipment from prepayments (other current assets) the $11.1 million pre-paid in the 2012 financial year for the construction of a printing press.			
(b) Impairment charge			
Other impairments to plant and equipment		**9,827**	14,539
		9,827	14,539

The $9.8 million of impairments relates to the write down of leasehold improvements, plant and equipment associated with onerous leases (PMP Australia $1.6 million and NZ $0.6 million). It also relates to $7.6 million of PMP Australia plant and equipment written down to fair value less cost to sell before being transferred to assets held for sale.

	NOTES	PMP Group ($'000) 2013	2012
10 Goodwill and intangible assets			
Development and licence costs			
At cost		**4,298**	11,386
Accumulated amortisation		**(1,637)**	(7,793)
Impairment		**—**	(33)
Closing net book amount	10(a)	**2,661**	3,560
Contract intangible			
At cost		**—**	15,011
Accumulated amortisation		**—**	(5,000)
Impairment		**—**	(10,011)
Closing net book amount	10(a)	**—**	—
Goodwill (indefinite useful life)			
At cost		**98,760**	98,760
Impairment *		**(75,224)**	(19,190)
Net foreign currency translation difference		**344**	(900)
Closing net book amount	10(a)	**23,880**	78,670
Total net intangibles	10(a)	**26,541**	82,230
(a) Reconciliations			
Development and licence costs			
Carrying amount at beginning of year		**3,560**	4,414
Additions		**21**	20
Transfer from plant and equipment	9(a)	**71**	200
Disposal on sale of business	27	**(186)**	—
Amortisation	2(e)	**(805)**	(1,074)
Carrying amount at end of year		**2,661**	3,560
Contract intangible			
Carrying amount at beginning of year		**—**	12,511
Impairment		**—**	(10,011)
Amortisation	2(e)	**—**	(2,500)
Carrying amount at end of year		**—**	—
Goodwill (indefinite useful life)			
Carrying amount at beginning of year		**78,670**	83,434
Impairment *		**(56,034)**	(4,935)
Net foreign currency translation difference		**1,244**	171
Carrying amount at end of year	10(b)	**23,880**	78,670
Total net intangibles		**26,541**	82,230

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

	NOTES	PMP Group ($'000) 2013	2012
10 Goodwill and intangible assets (continued)			
(b) Impairment testing of goodwill			
Carrying amount of goodwill allocated to each cash generating unit:			
PMP Australia **		—	56,034
Griffin Press printing - Australia		**5,015**	5,015
Maxum and heat set web printing - New Zealand*		**17,030**	15,908
Distribution - New Zealand		**1,835**	1,713
Total goodwill	10(a)	**23,880**	78,670

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

** The Print Australia business which is part of the PMP Australia cash generating unit, has been adversely impacted by significant competition for reducing volumes and severe price reductions. The long term cash flows associated with the business were unable to support the carrying value of goodwill and was fully impaired.

In accordance with PMP policy, impairment testing has been undertaken at 30 June 2013 for all cash generating units ('CGUs') with either 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 to sell model.

PMP Australia

The recoverable amount of this cash generating unit is determined based on a fair value less costs to sell calculation. PMP's shares are thinly traded and in the absence of a binding sales agreement, fair value has been assessed using a discounted cash flow methodology with reference to EBITDA multiples. PMP believe that these provide the best indication of the amount to be obtained from disposal at arms length between knowledgeable and willing parties.

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

The Directors estimate that if EBITDA reflected in the model were to decrease by up to 10%, it could result in the aggregate amount of the cash generating unit exceeding the recoverable amount of the cash generating unit by up to $20 million.

Griffin press printing - Australia

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

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

Maxum and heat set web printing - New Zealand

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

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

Distribution - New Zealand

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

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

10 Goodwill and intangible assets (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 to sell calculation:

Area of judgement	Assumptions used in value in use calculation: Griffin Press printing, Maxum and heatset web printing and Distribution New Zealand
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans are the basis of its impairment testing. Budgeted EBITDA is calculated as operating profit before depreciation and amortisation, based upon past experience and future outlook. Adjustments are made to budgeted EBITDA as follows: - removal of benefits from future uncommitted restructuring - inclusion of working capital movements
Long term growth rate	Management's plan is used for the first three years of the Group's value in use calculations. An annual growth rate of 0% to 2.5% for years four and five has been applied. The rate applied is based on management's assessment of the specific circumstances of that business. The following growth rates were applied in perpetuity: - Griffin Press 2.5% - Maxum 0% and heatset web printing (2.5%) - Other New Zealand 2.5%
Budgeted capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to maintain current fixed asset levels after taking into account budgeted repairs and maintenance.
Pre-tax discount rate	The pre-tax discount rate applied to the cash flows of each of the Group's cash generating units in Australia and New Zealand is 14.0% (2012: 15.5%). 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	Assumptions used in fair value less costs to sell calculation – PMP Australia
Budgeted EBITDA	The Group prepares three year plans which are internally approved by senior management. These plans are the basis of its impairment testing and are based upon past experience and future outlook. Post tax cash flows used. Notional tax of 30% applied. Cash flows include future uncommitted restructurings and benefits associated with those future restructurings. Cash flows include working capital movements. Includes costs to sell cash outflow of 2%.
Long term growth rate	Management's plan is used for the first three years of the Group's fair value less cost to sell calculations. An annual growth rate of 0% for years four and five has been applied. A perpetuity growth rate of 0% has been applied.
Post-tax discount rate	The post-tax discount rate applied to the cash flows was 11.0% plus an additional risk premium of 2.5% due to the volatility of the current operating environment.

	NOTES	PMP Group ($'000) 2013	2012

11 Deferred tax

	NOTES	2013	2012
Deferred tax assets			
Temporary differences:			
- Provisions/accruals		**16,183**	15,844
- Other liabilities		**—**	344
- Cash flow hedges		**—**	904
Tax losses		**46,049**	46,443
Total deferred tax assets		**62,232**	63,535
Deferred tax liabilities			
Temporary differences:			
- Property, plant and equipment		**1,636**	795
- Other assets		**1,340**	1,373
- Cash flow hedges		**1,005**	—
Total deferred tax liabilities		**3,981**	2,168

(a) Movements in deferred tax assets	Provisions/ Accruals ($'000)	Other Liabilities	Cash flow hedges	Tax losses	Total
At 1 July 2011	20,733	—	851	42,685	64,269
(Charged)/credited					
- to profit or loss	(4,889)	(214)	—	20	(5,083)
- to other comprehensive income	—	541	262	—	803
Adjustment for prior period	—	—	—	(145)	(145)
Adjustment for reallocation of opening balance	—	17	(209)	—	(192)
Increase in tax losses	—	—	—	3,883	3,883
At 30 June 2012	15,844	344	904	46,443	63,535
(Charged)/credited					
- to profit or loss	**407**	**—**	**—**	**—**	**407**
- to other comprehensive income	**—**	**—**	**—**	**—**	**—**
-foreign currency translation reserve	**56**	**—**	**—**	**621**	**677**
Adjustment for sale of subsidiary	**(124)**	**—**	**—**	**—**	**(124)**
Adjustment for reallocation of opening balance	**—**	**(344)**	**(904)**	**—**	**(1,248)**
Utilisation of tax losses	**—**	**—**	**—**	**(1,015)**	**(1,015)**
At 30 June 2013	**16,183**	**—**	**—**	**46,049**	**62,232**

Movements in deferred tax liabilities	Property, Plant and Equipment ($'000)	Other Assets	Cash flow hedges	Intangible Assets	Total
At 1 July 2011	(4,844)	(531)	—	(236)	(5,611)
(Charged)/credited					
- to profit or loss	4,049	(1,030)	—	236	3,255
Adjustment for reallocation of opening balance	—	188	—	—	188
At 30 June 2012	(795)	(1,373)	—	—	(2,168)
(Charged)/credited					
- to profit or loss	**(743)**	**(320)**	**(6)**	**—**	**(1,069)**
- to other comprehensive income	**—**	**(90)**	**(1,903)**	**—**	**(1,993)**
-foreign currency translation reserve	**(98)**	**—**	**—**	**—**	**(98)**
Adjustment for sale of subsidiary	**—**	**99**	**—**	**—**	**99**
Adjustment for reallocation of opening balance	**—**	**344**	**904**	**—**	**1,248**
At 30 June 2013	**(1,636)**	**(1,340)**	**(1,005)**	**—**	**(3,981)**

11 Deferred tax (continued)

(b) Deferred tax losses

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and level of future taxable profits.

The transformation plan has resulted in an Australian tax loss in the 2013 financial year and a possible further loss in the 2014 financial year (significantly lower than the 2013 loss). This has resulted in an extension of the time frame for utilisation of the Australian tax losses and increased the risk of realisation of this asset. The Directors considered it prudent to not recognise $13.2 million of tax benefit at 30 June 2013 (equating to the forecast 2013 Australian tax loss). Despite the non-recognition of these losses on the balance sheet, the losses will remain available indefinitely for offset against future taxable profits, subject to continuing to meet the statutory tax tests of continuity of ownership or failing that, the same business test.

The Directors believe the existing Australian deferred tax asset value of $37.4 million, attributable to tax losses, is supportable given expected future tax profits from the 2015 financial year onwards, making it probable that the tax losses will be recouped over a period of 7 to 8 years. The New Zealand deferred tax asset value of $8.6 million, attributable to tax losses (which were partly recouped this year), are also expected to be fully recouped over a period of 4 to 5 years. It should be noted that this will need to be reassessed on an ongoing basis to ensure the deferred tax asset value continues to be supportable, taking into account updated earnings forecast and relevant income tax legislation.

		NOTES	PMP Group ($'000) 2013	2012
12 Payables				
Current payables				
Creditors - unsecured				
Trade creditors and accruals*			**138,005**	139,974
Interest payable			**892**	1,526
Total current payables			**138,897**	141,500

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

13 Interest bearing liabilities

		NOTES	2013	2012
(a) Current interest bearing liabilities - financial institutions				
Secured				
Bank overdraft - repayable in:	Australian dollars		**—**	551
Bank loans - repayable in:	Australian dollars		**30,000**	43,620
Bank loans - repayable in:	New Zealand dollars		**—**	31,380
Bank loans - repayable in:	Euros *		**2,797**	—
Finance lease liabilities (secured over the leased assets)		19(b)	**51**	77
Total current interest bearing liabilities - financial institutions			**32,848**	75,628
(b) Non-current interest bearing liabilities - financial institutions				
Secured				
Bank loans - repayable in:	Australian dollars		**20,000**	41,380
Bank loans - repayable in:	New Zealand dollars		**39,473**	38,440
Bank loans - repayable in:	Euros*		**20,979**	—
Finance lease liabilities (secured over the leased assets)		19(b)	**18**	70
Total non-current interest bearing liabilities - financial institutions			**80,470**	79,890

* Represents Euro denominated loan of 17.0 million measured at the exchange rate prevailing at balance date.

13 Interest bearing liabilities (continued)

(c) Interest bearing liabilities - facility details

	($'000)		
Facility details:	**Facility**	**Drawn**	**Available**
2013 (secured)			
Overdraft facility	**14,199**	**—**	**14,199**
Revolving facility	**115,000**	**89,473**	**25,527**
Export finance facility *	**23,776**	**23,776**	**—**
Total facilities	**152,975**	**113,249**	**39,726**
2012 (secured)			
Overdraft facility	13,922	551	13,371
Revolving facility	190,000	154,820	35,180
Total facilities	203,922	155,371	48,551

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

(d) Terms and conditions

PMP entered a fully secured multi-currency $210 million loan agreement in May 2011 with an effective start date of 4 May 2012. As at 30 June 2013 this has amortised to a $115 million facility. This facility has a maturity date of 30 September 2014. The lenders are CBA and ANZ. Security pledged involves a first ranking fixed and floating charge over the assets of PMP, including the subsidiaries in Australia and New Zealand. This facility is subject to a number of financial covenants, including the PMP Group being measured against a maximum Debt/EBITDA ratio, a minimum Fixed Charge ratio and a minimum EBITDA/Interest ratio. They are also subject to the warranties and conditions of the agreements during the term of the facilities, including a change of control clause.

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

Note 30(b) specifies interest rate details relating to the PMP Group borrowing facilities and other interest rate risk exposure.

(e) Net debt

PMP has taken out a cross currency swap to exchange the Euro 17 million export financing loan's principal and floating Euro interest payments for an equally valued AUD loan and AUD interest payments. This loan has formed part of the overall PMP Group debt that is hedged to fixed rates. For the purposes of calculating PMP's net debt, the hedged fixed rate Australian obligation of the Euro loan of $20.8 million has been used.

		PMP Group ($'000)	
	NOTES	2013	2012
Cash		**(21,211)**	(12,254)
Bank overdraft - repayable in Australian dollars		**—**	551
Bank loans - repayable in Australian dollars		**50,000**	85,000
Bank loans - repayable in New Zealand dollars		**39,473**	69,820
Bank loans - repayable in Euros - measured at the exchange rate prevailing at balance date		**23,776**	—
Cross currency swap revaluation - adjusted to measure the loan at the hedged fixed rate of the Australian obligation		**(3,025)**	—
Finance lease liabilities		**69**	147
Net debt		**89,082**	143,264

14 Provisions

(a) Current provisions		
Employee entitlements	**18,757**	26,890
Other	**6,934**	1,730
Total current provisions	**25,691**	28,620
Non-current provisions		
Employee entitlements	**1,846**	2,086
Other	**5,559**	2,663
Total non-current provisions	**7,405**	4,749
Total provisions	**33,096**	33,369

14 Provisions (continued)

(b) Movements in provisions

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

	($'000)					
	Restructure	Make good	Onerous leases & contracts	Deferred Consideration	Other	Total
Current						
Carrying amount at start of year	**421**	**86**	**70**	**—**	**1,153**	**1,730**
Charged/(credited) to profit or loss						
- additional provisions recognised	1,241	44	4,102	550	1,872	7,809
- unused amounts reversed	(748)	—	—	—	(528)	(1,276)
Amounts used during the period	(200)	(20)	(70)	—	(1,039)	(1,329)
Carrying amount at end of year	**714**	**110**	**4,102**	**550**	**1,458**	**6,934**

	($'000)				
	Deferred consideration	Make good	Onerous leases & contracts	Other	Total
Non-Current					
Carrying amount at start of year	**550**	**464**	**—**	**1,649**	**2,663**
Charged/(credited) to profit or loss					
- additional provisions recognised	—	620	3,582	—	4,202
- unused amounts reversed	(550)	—	—	(253)	(803)
Amounts used during the period	—	—	—	(503)	(503)
Carrying amount at end of year	**—**	**1,084**	**3,582**	**893**	**5,559**

15 Financial assets and financial liabilities

	NOTES	PMP Group ($'000) 2013	2012
Current financial assets			
Forward currency contracts	30(c)(v)	**5,740**	600
Total current financial assets		**5,740**	600
Non-current financial assets			
Cross currency swaps	30(b)(iii)	**2,527**	—
Total non-current financial assets		**2,527**	—
Total financial assets		**8,267**	600
Current financial liabilities			
Forward currency contracts	30(c)(v)	**—**	3,979
Interest rate swaps	30(b)(ii)	**919**	69
Cross currency swaps	30(b)(iii)	**177**	—
Total current financial liabilities		**1,096**	4,048
Non-current financial liabilities			
Interest rate swaps	30(b)(ii)	**632**	3,970
Total non-current financial liabilities		**632**	3,970
Total financial liabilities		**1,728**	8,018

16 Contributed equity

	NOTES	Number ('000) 2013	2012	PMP Group ($'000) 2013	2012
Issued and paid up capital					
Movements in ordinary share capital:					
Balance as at 1 July - ordinary shares		**323,781**	329,879	**356,035**	622,361
Share movements in respect of:					
- Share capital reduction**		**—**	—	**—**	(263,637)
- Share buy-back*		**—**	(6,098)	**—**	(2,689)
Balance at 30 June - ordinary shares		**323,781**	323,781	**356,035**	356,035

* All shares bought back were cancelled.

On 2 August 2011, PMP announced its intention to undertake an on market share buy-back from 17 August 2011 to 30 June 2012. The maximum number of shares that could be bought back during this period was 20 million.

** In accordance with section 258F of the Corporations Act 2001, in September 2011 the Company reduced its paid up ordinary share capital balance by $263.6 million for the share capital lost as represented by the total of accumulated losses of the parent entity at 30 June 2011.

There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied. Similarly, creditors are not affected as there has been no change in available assets. There is also no impact on the availability of the Company's tax losses from this capital reduction.

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

	NOTES	PMP Group ($'000) 2013	2012
17 Dividends			
Final dividend			
Final dividend for the year ended 30 June 2011 of 1 cent, 100% franked paid on 20 October 2011		—	3,298
Interim dividend			
Interim dividend for the year ended 30 June 2012 of 1 cent, 100% franked paid on 4 April 2012		—	3,255
Total dividends		—	6,553
18 Reserves			
Foreign currency translation reserve			
Opening balance		**1,459**	1,204
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities		**2,423**	255
Total foreign currency translation reserve		**3,882**	1,459
Share-based payment reserve			
Opening balance		**1,120**	1,360
Movement in reserve relating to:			
- Share-based payment expense	2(c)	—	556
- Transfer to retained earnings		—	(796)
- Purchase of shares		—	—
Total share-based payment reserve		**1,120**	1,120
Cash flow hedge reserve			
Opening balance		**(2,058)**	(1,604)
Movement in reserve relating to:			
- Cash flow hedge		**6,388**	(716)
- Tax effect of cash flow hedge net (gain)/loss		**(1,903)**	262
Total cash flow hedge reserve		**2,427**	(2,058)
Total reserves		**7,429**	521

	NOTES	PMP Group ($'000) 2013	2012
19 Commitments			
The following commitments are not reflected in the balance sheet and are payable/receivable as follows:			
(a) Capital expenditure (i):			
- not later than one year		**374**	19,254
Total capital expenditure		**374**	19,254
(b) Finance lease rentals - Group as lessee (ii):			
- not later than one year		**56**	89
- later than one year but not later than five years		**18**	76
Total finance lease rentals		**74**	165
Future finance charges		**(5)**	(18)
Net finance lease liability		**69**	147
Reconciled to:			
Current finance lease liability	13(a)	**51**	77
Non-current finance lease liability	13(b)	**18**	70
Finance lease liability		**69**	147
(c) Operating lease rentals - Group as lessee (iii):			
- not later than one year		**22,829**	15,280
- later than one year but not later than five years		**74,006**	34,720
- later than five years		**55,110**	13,739
Total operating lease rentals (lessee)		**151,945**	63,739
(d) Operating lease rentals - Group as lessor (iv):			
- not later than one year		**1,635**	2,520
- later than one year but not later than five years		**2,420**	4,863
Total operating lease rentals (lessor)		**4,055**	7,383
Total net commitments for expenditure		**148,333**	75,757

(i) At 30 June 2013 and 30 June 2012 the Group capital expenditure commitments relate to the acquisition of new plant and equipment.

(ii) The Group has finance leases for various items of plant and machinery. The weighted average interest rate impact in the leases is 10.68% (2012: 10.68%). These leases have terms of renewal, but no escalation clauses. Certain leases contain purchase options.

(iii) Operating leases are entered into in the normal course for land and buildings, motor vehicles, computer equipment and plant and machinery. Rental payments are generally fixed, however some agreements contain inflation escalation clauses. No operating leases contain restrictions on financing or other leasing activities.

During the financial year the Group completed a sale and lease-back program for four properties. Gross proceeds of $66.9 million were received. The average lease yield is 10.10%.

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

(v) The company has a number of bank guarantees in place that support various property leases in the name of either PMP Limited or its subsidiaries. The company has not issued any guarantees for properties where it is not the lessee.

	Country of Incorporation	NOTES	Interest Held (%) 2013	2012

20 Controlled entities

	Country of Incorporation	NOTES	2013	2012
Pacific Publications Holdings Pty Limited	Australia	(a)	**100**	100
Attic Futura Pty Limited	Australia	(a)	**100**	100
Pacific O'Brien Publications Pty Limited	Australia	(a)	**100**	100
Total Sampling Pty Limited	Australia	(a)	**100**	100
PMP Publishing Pty Limited	Australia	(a)	**100**	100
PMP Print Pty Limited	Australia	(a)	**100**	100
PMP Property Pty Limited	Australia	(a)	**100**	100
PT Pac-Rim Kwartanusa Printing	Indonesia		**95**	95
PMP Advertising Solutions Pty Limited	Australia	(a)	**100**	100
PMP Home Media Pty Limited	Australia	(a)	**100**	100
Shomega Pty Limited	Australia	(a)	**100**	100
Show-Ads Pty Limited	Australia	(a)	**100**	100
Linq Plus Pty Limited	Australia	(a)	**100**	100
PMP Wholesale Pty Limited	Australia	(a)	**100**	100
PMP Digital Pty Limited	Australia	(a)	**100**	100
Pacific Intermedia Pty Limited	Australia	(a)	**100**	100
The Argus & Australasian Pty Limited	Australia	(a)	**100**	100
Gordon and Gotch Australia Pty Limited	Australia	(a)	**100**	100
A.C.N. 128 266 268 Pty Limited (formerly Brumby Books & Music Pty Limited)	Australia	(b)	**100**	100
Scribo Holdings Pty Limited	Australia	(b)	**100**	100
The Scribo Group Pty Limited	Australia	(b)	**100**	100
Tower Books Pty Limited	Australia	(b)	**100**	100
Gary Allen Pty Limited	Australia	(b)	**100**	100
Bookwise Asia Pte Ltd	Singapore	(c)	**—**	100
ilovemagazines.com.au Pty Limited (formerly Treeet.com.au Pty Limited)	Australia	(a)	**100**	100
PMP Directories Pty Limited	Australia	(a)	**100**	100
Argyle Print Pty Limited	Australia	(b)	**100**	100
Red PPR Holdings Pty Limited	Australia	(a)	**100**	100
Pacific Micromarketing Pty Limited	Australia	(d)	**—**	100
PMP Finance Pty Limited	Australia	(a)	**100**	100
PMP Share Plans Pty Limited	Australia		**100**	100
Manningtree Investments Pty Limited	Australia	(a)	**100**	100
Canberra Press Pty Limited	Australia	(a)	**100**	100
PMP (NZ) Limited	New Zealand		**100**	100
PMP Print Limited	New Zealand		**100**	100
PMP Maxum Limited	New Zealand		**100**	100
PMP Distribution Limited	New Zealand		**100**	100
Pacific Intermedia (NZ) Limited	New Zealand		**100**	100
Gordon and Gotch (NZ) Limited	New Zealand		**100**	100
PMP Digital Limited	New Zealand		**100**	100

(a) These companies entered into a deed of cross guarantee dated 27 June 2008 with PMP Limited which replaced the previous deed dated 10 June 1992. The deed provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company. As a result of a Class Order issued by the Australian Securities and Investments Commission, these companies are relieved from the requirement to prepare financial statements.

(b) On 11 June 2009 these companies were joined as parties to the Deed of Cross Guarantee referred above.

(c) Bookwise Asia Pte Ltd was voluntarily liquidated during the financial year.

(d) Pacific Micromarketing Pty Limited was sold during the 2013 financial year.

20 Controlled entities (continued)

The aggregate assets, liabilities and net result after income tax of the companies which are parties to the Deed of Cross Guarantees are as follows :

	NOTES	PMP Group ($'000) 2013	2012
Statements of comprehensive income of the closed group			
Sales revenue		**817,016**	921,914
Other revenue		**32,447**	7,927
Revenue		**849,463**	929,841
Raw materials and consumables used		**(182,375)**	(207,226)
Cost of finished goods sold		**(279,598)**	(306,676)
Employee expenses		**(256,291)**	(256,858)
Outside production services		**(18,260)**	(20,982)
Freight		**(21,636)**	(23,968)
Repairs and maintenance		**(13,167)**	(17,434)
Occupancy costs		**(22,930)**	(15,810)
Other expenses		**(111,264)**	(50,437)
Share of (losses)/profits of jointly controlled entity		**(20)**	20
(Loss)/profit before depreciation, amortisation, finance costs and income tax		**(56,078)**	30,470
Depreciation and amortisation		**(30,615)**	(37,217)
(Loss)/profit before finance costs and income tax		**(86,693)**	(6,747)
Finance costs		**(8,327)**	(9,758)
(Loss)/profit before income tax		**(95,020)**	(16,505)
Income tax (expense)/benefit		**(1,974)**	(155)
Net loss attributable to members of the parent entity		**(96,994)**	(16,660)

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

	NOTES	PMP Group ($'000) 2013	2012

20 Controlled entities (continued)

Balance sheet of the closed group	NOTES	2013	2012
Current assets			
Cash and cash equivalents		**15,438**	5,521
Receivables		**79,023**	89,665
Inventories		**67,034**	65,113
Financial assets		**4,363**	68
Other		**8,437**	17,479
Non-current assets classified as held for sale		**4,320**	1,000
Total current assets		**178,615**	178,846
Non-current assets			
Property, plant and equipment		**190,641**	248,897
Goodwill and intangible assets		**7,677**	64,611
Deferred tax assets		**51,816**	53,938
Financial assets		**2,527**	—
Other		**49,785**	44,687
Total non-current assets		**302,446**	412,133
Total assets		**481,061**	590,979
Current liabilities			
Payables		**115,933**	116,927
Interest bearing liabilities - financial institutions		**32,848**	44,217
Income tax payable		**—**	—
Provisions		**22,547**	26,253
Financial liabilities		**687**	4,048
Total current liabilities		**172,015**	191,445
Non-current liabilities			
Interest bearing liabilities - financial institutions		**40,997**	41,450
Deferred tax liabilities		**2,366**	779
Provisions		**7,405**	4,497
Financial liabilities		**244**	1,435
Pension liability		**—**	480
Total non-current liabilities		**51,012**	48,641
Total liabilities		**223,027**	240,086
Net assets		**258,034**	350,893
Equity			
Contributed equity		**356,035**	356,035
Reserves		**2,670**	(1,256)
Accumulated losses		**(100,671)**	(3,886)
Total equity		**258,034**	350,893

21 Segmental information

Description of segments

Management has determined the operating segments based on the manner in which the Group is structured and managed by the Executive Management Team (EMT). All reports regularly reviewed by the Chief Executive Officer and the EMT are presented on this basis which groups similar operations or geographic locations.

The Group adjusted its segment reporting in the financial year due to a change to a functional organisational structure (refer to comments on 'change in segment reporting' contained in Note 1: Summary of significant accounting policies). The 2012 comparatives have been adjusted to reflect this change.

PMP Australia includes all of the Print businesses in Australia namely, Heatset, Directories and Griffin Press and also includes Distribution and Digital Premedia. Gordon and Gotch includes magazine and book distribution businesses in Australia. New Zealand segment includes all businesses in New Zealand.

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

Segment revenues and results

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

	PMP Australia (excl. G&G)		Gordon and Gotch		New Zealand		Corporate		Elimination		Consolidated	
$'000	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
(a) Operating Segments												
Revenue												
Sales revenue	493,583	564,019	323,430	358,481	158,797	171,390	—	—	—	—	975,810	1,093,890
Other revenue	1,089	2,785	3,032	3,658	426	293	1,729	1,932	(408)	(1,115)	5,868	7,553
Significant items	21,365	—	—	80	245	118	9,446	—	(3,806)	—	27,250	198
Total segment revenue	516,037	566,804	326,462	362,219	159,468	171,801	11,175	1,932	(4,214)	(1,115)	1,008,928	1,101,641
Inter-segment revenue	(408)	(1,115)	—	—	—	—	(3,806)	—	4,214	1,115	—	—
Total revenue	515,629	565,689	326,462	362,219	159,468	171,801	7,369	1,932	—	—	1,008,928	1,101,641
EBITDA * before significant items	59,958	75,408	1,351	1,462	16,898	8,197	(6,011)	(8,537)	—	—	72,196	76,530
Depreciation and amortisation	(29,354)	(35,536)	(209)	(443)	(7,189)	(6,597)	(1,051)	(1,239)	—	—	(37,803)	(43,815)
EBIT before significant items	30,604	39,872	1,142	1,019	9,709	1,600	(7,062)	(9,776)	—	—	34,393	32,715
Significant items before income tax	(93,412)	(36,776)	(699)	(552)	(2,310)	(3,235)	7,740	(531)	—	—	(88,681)	(41,094)
Segment EBIT after significant items	(62,808)	3,096	443	467	7,399	(1,635)	678	(10,307)	—	—	(54,288)	(8,379)
Significant items - Finance costs											177	—
Finance costs											(13,891)	(17,766)
Consolidated entity loss before income tax											(68,002)	(26,145)
Income tax (expense)/benefit											(1,741)	1,620
Net loss after income tax											(69,743)	(24,525)

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

21 Segmental information (continued)

	PMP Australia (excl. G&G)		Gordon and Gotch		New Zealand		Corporate		Elimination		Consolidated	
$'000	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
(b) Significant items by operating segments												
Significant items of revenue												
Gain on disposal of plant and equipment and non-current assets classified as held for sale	**332**	—	**—**	—	**—**	—	**—**	—	**—**	—	**332**	—
Gain on disposal of business and fixed assets	**—**	—	**—**	80	**245**	118	**5,640**	—	**—**	—	**5,885**	198
Gain on disposal of property	**21,033**	—	**—**	—	**—**	—	**—**	—	**—**	—	**21,033**	—
Inter-segment debt forgiveness	**—**	—	**—**	—	**—**	—	**3,806**	—	**(3,806)**	—	**—**	—
Total segment significant items of revenue	**21,365**	—	**—**	80	**245**	118	**9,446**	—	**(3,806)**	—	**27,250**	198
Significant items of expense												
Directories' closure costs	**(18,114)**	—	**—**	—	**—**	—	**—**	—	**—**	—	**(18,114)**	—
Restructure initiatives and other one off costs	**(27,584)**	(10,690)	**(699)**	297	**(1,967)**	(883)	**(1,706)**	(531)	**—**	—	**(31,956)**	(11,807)
Impairment of plant, equipment, intangibles and goodwill due to restructure initiatives	**(65,273)**	(24,869)	**—**	(929)	**(588)**	(2,470)	**—**	—	**—**	—	**(65,861)**	(28,268)
Impairment of plant and equipment held for sale to fair value less costs to sell	**—**	(1,217)	**—**	—	**—**	—	**—**	—	**—**	—	**—**	(1,217)
Inter-segment debt forgiveness	**(3,806)**	—	**—**	—	**—**	—	**—**	—	**3,806**	—	**—**	—
Total segment significant items of expense	**(114,777)**	(36,776)	**(699)**	(632)	**(2,555)**	(3,353)	**(1,706)**	(531)	**3,806**	—	**(115,931)**	(41,292)
Total segment significant items before income tax	**(93,412)**	(36,776)	**(699)**	(552)	**(2,310)**	(3,235)	**7,740**	(531)	**—**	—	**(88,681)**	(41,094)
Significant items - finance costs												
Finance cost interest rate swap unwind	**—**	—	**—**	—	**291**	—	**(114)**	—	**—**	—	**177**	—
Total significant items - finance costs	**—**	—	**—**	—	**291**	—	**(114)**	—	**—**	—	**177**	—

21 Segmental information (continued)

$'000	Australia 2013	Australia 2012	New Zealand 2013	New Zealand 2012	Consolidated 2013	Consolidated 2012
(c) Other segment information						
i) Geographic Segments						
Sales revenue	**817,013**	922,500	**158,797**	171,390	**975,810**	1,093,890
Other revenue	**5,442**	7,260	**426**	293	**5,868**	7,553
Significant items	**27,005**	80	**245**	118	**27,250**	198
Total revenue	**849,460**	929,840	**159,468**	171,801	**1,008,928**	1,101,641
Non-current assets (excluding deferred tax assets and post employment benefit assets)	**204,514**	315,334	**61,649**	67,680	**266,163**	383,014

ii) Major product and service offerings

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

$'000	Print 2013	Print 2012	Distribution 2013	Distribution 2012	Gordon and Gotch 2013	Gordon and Gotch 2012	PMP Digital 2013	PMP Digital 2012	Consolidated 2013	Consolidated 2012
Revenue										
Sales revenue	**491,221**	561,591	**101,301**	102,559	**360,652**	402,984	**22,636**	26,756	**975,810**	1,093,890
Total sales revenue	**491,221**	561,591	**101,301**	102,559	**360,652**	402,984	**22,636**	26,756	**975,810**	1,093,890

22 Pension plans

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

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

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

Employer contributions to superannuation plans in the year ended 30 June 2013 totalled $10,621,103 (2012: $12,271,438).

Accumulation funds

Contribution obligations in respect of each accumulation fund for the year to 30 June 2013 was 9% (2012: 9%) of members' wages or as defined by the Trust Deed.

Defined benefit funds

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.

During the year ended 30 June 2013, PMP Limited contributed at rates between 17.0% and 29.5% (2012: between 11.0% and 23.5%).

PMP expects to contribute $0.9 million to its defined benefit pension plan in the year ending 30 June 2014 (2013: $0.9 million).

	NOTES	PMP Group ($'000)	
		2013	2012
(a) Amount recognised in statement of profit or loss and other comprehensive income			
Recognised in employee expenses			
Service cost		**386**	462
Interest cost		**709**	950
Curtailments		**320**	—
Expected return on assets		**(980)**	(1,160)
Superannuation expense		**435**	252
(b) Amount recognised in balance sheets			
Defined benefit obligation	22(c)	**(12,661)**	(14,650)
Less: fair value of plan assets	22(d)	**12,962**	14,170
Net superannuation asset/(liability)		**301**	(480)

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.

	2013	2012
(c) Defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	**14,650**	16,472
Current service cost	**386**	462
Interest cost	**709**	950
Contributions by plan participants	**246**	300
Actuarial loss	**705**	510
Benefits paid	**(1,042)**	(3,924)
Taxes, premiums and expenses paid	**(143)**	(120)
Curtailments	**320**	—
Settlements	**(3,170)**	—
Present value of defined benefit obligation at end of the year	**12,661**	14,650

Experience adjustments loss on plan liabilities for the year ended 30 June 2013 is $0.4 million (2012: gain $0.1 million).

22 Pension plans (continued)

	NOTES	PMP Group ($'000) 2013	2012
(d) Fair value of plan assets			
Fair value of plan assets at beginning of the year		**14,170**	17,099
Expected return on plan assets		**980**	1,160
Actuarial gain/(loss)		**1,004**	(1,296)
Employer contributions		**917**	951
Contributions by plan participants		**246**	300
Benefits paid		**(1,042)**	(3,924)
Taxes, premiums and expenses paid		**(143)**	(120)
Settlements		**(3,170)**	—
Fair value of plan assets at end of the year		**12,962**	14,170

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

The major categories of plan assets as a percentage of the fair value of plan assets are as follows:

	NOTES	PMP Group (%) 2013	2012
Australian equity		**30**	29
International equity		**28**	28
Fixed income		**16**	13
Property		**7**	6
Alternatives		**16**	19
Cash		**3**	5

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class. The returns used for each asset class are net of investment tax and investment fees. PMP Group's actual return on plan assets during the year ended 30 June 2013 was a gain of $2.0 million (2012: $0.1 million loss).

Experience adjustments gain on plan assets for the year ended 30 June 2013 is $1.0 million (2012: loss $1.3 million).

(e) Actuarial assumptions

The principal actuarial assumptions used in determining PMP pension obligations are as follows (expressed as weighted averages):

		2013	2012
Discount rate (corporate bond rate)		**4.60**	5.10
Expected rate of return on plan assets		**7.00**	7.00
Expected salary increase rate		**3.50**	3.50

	NOTES	PMP Group ($'000) 2013	2012
(f) Amounts recognised in other comprehensive income			
Actuarial gain/(loss) recognised in the year		**299**	(1,806)
Cumulative actuarial losses recognised in other comprehensive income		**(2,257)**	(2,556)

23 Share-based payment plans

(a) Employee long term incentive plan

Ordinary shares up to 5.0% (2012: 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:	59,355,872
Total number of employee options/performance rights issued as at balance date:	12,143,766
Rights on issue (as a percentage of total shares on issue) as at 30 June 2013:	3.75%
Total number of employee performance rights issued during the year:	11,282,152
Total number of employee performance rights issued post balance date:	—

(i) Employee options

All options have lapsed as the earnings per share hurdles were not met.

(ii) Performance rights

	Allotment Date					
	1/10/09 (i)	1/10/10 (ii)	1/07/11 (iii)	1/10/11 (iv)	1/10/12 (v)	Total Number
On issue at beginning of year	1,103,868	1,374,211	2,100,000	2,092,089	—	6,670,168
Issued during the year					11,282,152	11,282,152
Lapsed during the year	(1,103,868)	(663,840)	(2,100,000)	(753,346)	(1,187,500)	(5,808,554)
On issue at end of year	—	710,371	—	1,338,743	10,094,652	12,143,766
Lapsed subsequent to balance date*	—	(710,371)	—	—	—	(710,371)
Outstanding at date of Directors' report	—	—	—	1,338,743	10,094,652	11,433,395
Number of participants (at balance date)	—	5	—	8	11	
Vesting date (Following the announcement of the)	FY12 results	FY13 results	FY14 results	FY14 results	FY15 results	
Fair value per right - TSR hurdle (vi)	$0.50	$0.47	$0.35	$0.50	$0.06	
Fair value per right - ROCE and EBITDA hurdle (vi)	$0.62	$0.66	$0.50	$0.63	$0.16	

* 710,371 performance rights lapsed due to performance hurdles not being met over the performance period.

(i) October 2009, granted rights to the value of between 15% - 50% of each participant's total employment cost. The number of rights granted was determined based on the weighted average share price for the one week period up to grant date ($0.69).

Performance rights entitle participants to receive PMP shares for nil cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY10, FY11 and FY12 as follows:

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

These performance rights lapsed on 27 August 2012, following the announcement of the results for the year ended 30 June 2012. Neither the TSR nor the ROCE performance hurdles were met over the three year performance period.

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

Performance rights entitle participants to receive PMP shares for nil cost after vesting. Rights will only vest if relevant performance hurdles described in (i) above are achieved across the following three years FY11, FY12 and FY13.

23 Share-based payment plans (continued)

(a) Employee long term incentive plan (continued)

(ii) Performance rights (continued)

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

(iii) At the Annual General Meeting on 18 November 2011 shareholders approved the participation of Mr Allely in the PMP Long Term Incentive Plan. Mr Allely was awarded 2,100,000 performance rights to acquire fully paid ordinary shares in PMP. The performance rights vested on satisfaction of the performance hurdles following the performance period ending on 30 June 2014. These hurdles lapsed on his resignation on 19 October 2012.

(iv) October 2011, granted rights to the value of between 15% - 50% of each participant's total employment cost. The number of rights granted was determined based on the weighted average share price for the one week period up to grant date ($0.68).

Performance rights entitle participants to receive PMP shares for nil cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY12, FY13 and FY14 as follows:

- PMP's Total Shareholder Return (TSR) over the three year performance period comprising FY12, FY13 and FY14 , is measured against a comparator group of ASX listed companies ranked between S&P/ASX 200 to 300 entities. 50% of rights granted are subject to the TSR hurdle.
  If a rank of less than the 51st percentile is achieved nil vest, if a rank of between the 51st and 75th percentile is achieved 50-100% of rights vest and if a rank of greater than 75th percentile is achieved 100% vest.
- PMP's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) over the three year period comprising financial years 12, 13 and 14 is measured against a target for the PMP Group. 50% of rights granted are subject to an EBITDA hurdle. The number of rights to vest are pro rated based on a target EBITDA range.

(v) In October 2012, 9,182,152 rights to the value of between 15% - 50% of each executive participant's total employment cost were granted to executives. The number of rights granted was determined based on the weighted average share price for the one week period up to grant date ($0.16). 2,100,000 rights have provisionally been recorded for Mr George pending shareholder approval at the 2013 AGM.

Performance rights entitle participants to receive PMP shares for nil costing after vesting. Rights will only vest if relevant performance hurdles described in (iv) are achieved across the following three years FY13, FY14 and FY15.

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

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

	1/10/2009	1/10/2010	1/7/2011	1/10/2011	1/10/2012
Dividend yield	1.50%	2.40%	2.26%	1.82%	0.00%
Expected volatility	60%	50%	50%	50%	60%
Risk-free interest rate	4.80%	4.80%	3.22%	3.62%	2.81%
Correlation	0.40	0.24	Historical share prices used to calculate the correlation of returns of PMP and the constituents of the peer group.		
Share price at grant date	$0.65	$0.70	$0.53	$0.66	$0.16

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

(b) CEO Rights Scheme

(i) Mr Peter George, PMP Chief Executive Officer and Managing Director has a short term incentive (STI) of up to 100% of his base remuneration of which 33.3% will be paid in PMP shares, subject to the achievement of the following targets:

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

EBIT targets and personal objectives were achieved for the 2012/2013 financial year and a STI payment of $170,220 was made on this component. PMP shares to the value of $170,220 will be purchased on market during 2013/2014. Shares will vest to Mr Peter George 12 months after the financial year.

(ii) Mr Peter George will seek the approval of shareholders to participate in the Long Term Incentive Plan at the 2013 AGM. The maximum number of share rights to be awarded to Mr Peter George as his LTI is 2,100,000 performance rights. Refer to (v) above for further details.

24 Related parties

(a) Key management personnel

Details of key management personnel, including remuneration, are included in the section titled “Remuneration Report” included in the Directors’ Report.

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

(b) Key management personnel shareholdings

This information is disclosed in Note 25 and within the “Remuneration Report” included in the Directors’ Report.

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

In the financial year ended 30 June 2012, former Non-Executive Director, P George, received fees for consulting services of $338,865 in relation to the transformation plan and the conduct of efficiency reviews in PMP Print and PMP New Zealand. This encompassed identification and analysis of structural and operational improvement opportunities.

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

Details of controlled entities are set out in Note 20. The entities and PMP conduct business transactions between themselves.

Such transactions include the purchase and sale of goods, services, plant and equipment and the receipt and payment of management fees, dividends and interest. All such transactions are conducted on the basis of normal commercial terms and conditions. PMP Limited has made a $440.2 million allowance for the provision of doubtful debts regarding related parties (2012: $416.6 million). PMP Limited has impaired its investment in controlled entities by $85.3 million during the year ended 30 June 2013.

(e) Transactions with other related parties

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

25 Key management personnel

(a) Compensation of key management personnel

		PMP Group ($)	
	NOTES	2013	2012
Short-term employee benefits		**4,678,947**	3,623,456
Other long-term employee benefits		**25,684**	13,047
Post employment benefits		**232,477**	227,660
Termination payments		**1,000,000**	665,910
Share-based payment*		**(107,792)**	517,875
Total compensation		**5,829,316**	5,047,948

* 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.

The company has applied the exemption under Amendment to Australian Accounting Standard - Key Management Personnel Disclosures by Disclosing Entities which exempts disclosing companies from the application of AASB 124 paragraphs AUS 25.2 to AUS 25.6 and AUS 25.7.1 and AUS 25.7.2 as the requirements are now incorporated into the Corporations Law and are provided in the section titled “Remuneration Report” included in the Directors’ Report designated as audited.

25 Key management personnel (continued)

(b) Rights holding of key management personnel

2013	Balance 1 July 2012	Granted as remuneration	Rights exercised <a>	Lapsed	Cancelled	Balance 30 June 2013	Not exercisable	Exercisable	Share Price at exercise date $	Value at exercise date $	Share Price at lapse date $	Value at lapse date $
P George <b>	—	2,100,000	—	—	—	**2,100,000**	2,100,000	—	—	—	—	—
R Allely <c>	2,100,000	—	—	(2,100,000)	—	**—**	—	—	—	—	0.23	483,000
C Amos	229,412	975,000	—	—	—	**1,204,412**	1,204,412	—	—	—	—	—
A Cicognani <d>	273,824	1,187,500	—	—	—	**1,461,324**	1,461,324	—	—	—	—	—
A Clarkson	587,881	893,750	—	(181,159)	—	**1,300,472**	1,300,472	—	—	—	0.28	50,725
C Davison <c>	826,202	1,187,500	—	(2,013,702)	—	**—**	—	—	—	—	0.21	422,877
D Hogan <e>	—	—	—	—	—	**—**	—	—	—	—	—	—
J Nichols <f>	—	1,187,500	—	—	—	**1,187,500**	1,187,500	—	—	—	—	—
S Parkes <g>	—	—	—	—	—	**—**	—	—	—	—	—	—
G Stephenson	707,783	1,328,125	—	(120,283)	—	**1,915,625**	1,915,625	—	—	—	0.28	33,679
Total	4,725,102	8,859,375	—	(4,415,144)	—	**9,169,333**	9,169,333	—				

2012	Balance 1 July 2011	Granted as remuneration	Rights exercised <a>	Lapsed	Cancelled	Balance 30 June 2012	Not exercisable	Exercisable	Share Price at exercise date $	Value at exercise date $	Share Price at lapse date $	Value at lapse date $
R Allely <h>	279,297	2,100,000	—	(279,297)	—	**2,100,000**	2,100,000	—	—	—	0.68	189,922
C Amos	—	229,412	—	—	—	**229,412**	229,412	—	—	—	—	—
P Browne	522,342	227,206	—	(749,548)	—	**—**	—	—	—	—	0.37	277,333
A Cicognani <i>	—	273,824	—	—	—	**273,824**	273,824	—	—	—	—	—
A Clarkson	420,839	210,294	—	(43,252)	—	**587,881**	587,881	—	—	—	0.68	29,411
C Davison	695,228	279,412	—	(148,438)	—	**826,202**	826,202	—	—	—	0.68	100,938
P George <j>	—	—	—	—	—	**—**	—	—	—	—	—	—
G Plant <c>	443,607	—	—	(443,607)	—	**—**	—	—	—	—	0.50	221,804
G Stephenson	395,283	312,500	—	—	—	**707,783**	707,783	—	—	—	—	—
A Williams <c>	546,377	375,000	—	(921,377)	—	**—**	—	—	—	—	0.31	285,627
Total	3,302,973	4,007,648	—	(2,585,519)	—	**4,725,102**	4,725,102	—				

<a> No rights are exercisable at 30 June 2013 (2012: nil).

<b> Appointed Chief Executive Officer and Managing Director on 22/10/12. Rights have been provisionally recorded pending shareholder approval of his participation in the PMP Long Term Incentive Plan at the AGM in 2013.

<c> Rights lapsed on termination of employment.

<d> Appointed EGM of Group Strategy on 08/11/12.

<e> Appointed EGM of Gordon and Gotch Group on 01/03/13. Commenced employment on 18/02/13.

<f> Appointed Chief Operating Officer on 01/01/13. Prior to this, he commenced employment with the Group on 01/05/12 as the General Manager of Transformation.

<g> Appointed Chief Sales Officer on 01/01/13. Prior to this, he was the Head of Print Sales in Australia.

<h> At the Annual General Meeting on 18 November 2011 shareholders approved the participation of Mr Allely in the PMP Long Term Incentive Plan. Mr Allely was awarded 2,100,000 performance rights under the Long Term Incentive Plan.

<i> Appointed EGM of PMP Direct on 10/10/11.

<j> Appointed Chief Operating Officer on 24/04/12.

25 Key management personnel (continued)

(c) Share holding of key management personnel

2013	Balance 1 July 2012	On exercise of rights	Purchases	Sales	Other	Balance 30 June 2013
Directors						
R I Alley <b>	712,365	<a>	—	—	(712,365)	**—**
M Bickford-Smith <c>	200,000	<a>	—	—	—	**200,000**
I L Fraser <d>	225,000	<a>	—	—	(225,000)	**—**
P George <e>	—	—	—	—	92,619	**92,619**
Goh S N	—	<a>	—	—	—	**—**
P Margin	14,900	<a>	35,000	—	—	**49,900**
N Sparks	—	<a>	—	—	—	**—**
Total	1,152,265		35,000	—	(844,746)	**342,519**

<a> No Directors, other than P George, have been issued with any rights prior to or during the current financial year.
<b> Resigned on 19/10/12.
<c> Appointed Chairman on 23/11/12.
<d> Retired as Chairman on 22/11/12 and as Director on 30/11/12.
<e> Appointed Chief Executive Officer and Managing Director on 22/10/12.

	Balance 1 July 2012	On exercise of rights	Purchases	Sales	Other	Balance 30 June 2013
Executives						
C Amos	—	—	—	—	—	**—**
A Cicognani <f>	—	—	—	—	—	**—**
A Clarkson	—	—	—	—	—	**—**
C Davison <g>	—	—	—	—	—	**—**
P George <h>	92,619	—	—	—	(92,619)	**—**
D Hogan <i>	—	—	—	—	—	**—**
J Nichols <j>	—	—	—	—	—	**—**
S Parkes <k>	—	—	—	—	—	**—**
G Stephenson	50,000	—	—	—	—	**50,000**
Total	142,619	—	—	—	(92,619)	**50,000**

<f> Appointed EGM - Group Strategy on 08/11/12.
<g> Resigned 28/02/13.
<h> Retired as Chief Operating Officer on appointment as CEO and MD.
<i> Appointed EGM - Gordon and Gotch on 01/03/13. Employment commenced on 18/02/13.
<j> Appointed Chief Operating Officer on 01/01/13.
<k> Appointed Chief Sales Officer on 01/01/13.

2012	Balance 1 July 2011	On exercise of rights	Purchases	Sales	Other	Balance 30 June 2012
Directors						
G J Reaney <b>	300,000	<a>	—	—	(300,000)	**—**
R I Alley <c>	671,433	—	—	—	40,932	**712,365**
M Bickford-Smith	150,000	<a>	50,000	—	—	**200,000**
I L Fraser	160,000	<a>	65,000	—	—	**225,000**
P George <d>	92,619	<a>	—	—	(92,619)	**—**
Goh S N	—	<a>	—	—	—	**—**
P Margin <e>	—	<a>	14,900	—	—	**14,900**
N Sparks	—	<a>	—	—	—	**—**
Total	1,374,052		129,900	—	(351,687)	**1,152,265**

<a> No Directors, other than R I Allely, have been issued with any rights prior to or during the current financial year.
<b> Retired 18/11/11.
<c> Short term incentive 2010/2011. One-third of R I Alley's STI is a fixed dollar value which is required to be converted to shares. 40,932 shares purchased on market in the current financial year by company in accordance with R Alley's employment contract.
<d> Retired from Board on 23/04/2012. Appointed Chief Operating Officer on 24/04/2012.
<e> Appointed 30/01/12.

	Balance 1 July 2011	On exercise of rights	Purchases	Sales	Other	Balance 30 June 2012
Executives						
C Amos	—	—	—	—	—	**—**
P Browne <f>	—	—	—	—	—	**—**
A Cicognani <g>	—	—	—	—	—	**—**
A Clarkson	—	—	—	—	—	**—**
C Davison	—	—	—	—	—	**—**
P George <d>	—	—	—	—	92,619	**92,619**
G Plant <h>	—	—	—	—	—	**—**
G Stephenson	50,000	—	—	—	—	**50,000**
A Williams <i>	—	—	—	—	—	**—**
Total	50,000	—	—	—	92,619	**142,619**

<f> Retired 29/02/12.
<g> Appointed EGM of PMP Direct on 10/10/11.
<h> Retired 31/01/12.
<i> Retired 17/04/12.

26 Business combinations

2013

No acquisitions were made during the year ended 30 June 2013.

2012

No acquisitions were made during the year ended 30 June 2012.

27 Sale of business

PMP Limited accepted Experian Australia Pty Limited's offer to acquire all the shares in Pacific Micromarketing Pty Limited and the related assets of Pacific Micromarketing New Zealand for US$6.5 million. The business was sold on 21st December 2012 and is reported in these financial statements as a sale of a business.

Details of the sale of the business are as follows:

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

US$0.5 million of the sales proceeds has been deferred for twelve months. This amount has been retained by Experian Australia Pty Limited as a retention fund against any warranty claims or claims in respect of any breaches of the sale and purchase agreement. This amount has been reflected as a current receivable in the statement of financial position.

	NOTES	PMP Group ('000) 2013	PMP Group ('000) 2012
28 Earnings per share			
(a) Weighted average number of ordinary shares			
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share		**323,781**	327,039
Effect of dilutive securities:			
Share rights*		**—**	—
Weighted average number of shares used in the calculation of diluted earnings per share		**323,781**	327,039

* The weighted average number of exercised/lapsed share rights included is nil (2012: nil).

12,143,766 rights outstanding as at 30 June 2013 are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2013 (2012: 6,670,168 anti-dilutive). These rights could potentially dilute basic earnings per share in the future.

		NOTES	PMP Group ($'000) 2013	PMP Group ($'000) 2012
(b) Earnings				
Net loss after income tax			**(69,743)**	(24,525)
Loss used in calculating basic and diluted earnings per share			**(69,743)**	(24,525)
29 Cash flow statement notes				
(a) Reconciliation of cash flow from operating activities to operating loss after income tax				
Operating loss after income tax			**(69,743)**	(24,525)
Adjustments for non-cash items:				
Depreciation		2(e)	**36,998**	40,241
Amortisation		2(e)	**805**	3,574
Impairment of plant, equipment, goodwill and intangibles		2(c)	**65,861**	29,485
Provision/(credit) for doubtful debts/bad debts written off			**(585)**	(383)
Movement in provision for tax			**(42)**	(2,482)
Gain on disposal of business		2 (a), 2(c)	**(5,885)**	—
Gain on disposal of property, plant and equipment		2 (a), 2(c)	**(21,283)**	(52)
Share-based payment plans		2(c)	**—**	556
Non-cash superannuation expense		22(a)	**435**	252
Other non-cash items			**(2,717)**	(5,796)
Change in assets and liabilities:				
Accounts receivable	Decrease/(Increase)		**10,758**	26,835
Inventories	(Increase)/Decrease		**(3,455)**	7,239
Liabilities	Increase/(Decrease)		**7,310**	(43,272)
Non-current assets	(Increase)/Decrease		**(558)**	(305)
Provision for employee benefits	(Decrease)/Increase		**(8,373)**	(1,241)
Prepayments and other assets	(Increase)/Decrease		**(1,930)**	1,278
Net cash provided from operating activities			**7,596**	31,404
(b) Reconciliation of cash and cash equivalents				
Cash and cash equivalents			**21,211**	12,254
Bank Overdrafts		13(a)	**—**	(551)
Total cash and cash equivalents			**21,211**	11,703

	NOTES	PMP Group ($'000) 2013	2012

30 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Categories of financial instrument:

The Group holds the following categories of financial instruments:

	NOTES	2013	2012
Financial assets			
Cash and cash equivalents	29(b)	**21,211**	12,254
Trade and other receivables	5, 7	**99,599**	107,911
Derivative financial instruments	15	**8,267**	600
Other	7	**240**	240
		129,317	121,005
Financial liabilities			
Trade and other payables	12	**138,897**	141,500
Interest bearing liabilities	13	**113,318**	155,518
Derivative financial instruments	15	**1,728**	8,018
		253,943	305,036

30 Financial instruments (continued)

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

(a) Hedging policy - overview

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

a) It does not trade in derivatives that are not used in hedging the underlying business exposure of the economic entity;

b) All hedging is undertaken through the Group's central treasury operation and is in accordance with Board approved policies.

(b) Interest Rate Management

The Group enters into fixed rate instruments to manage the cash flow risks associated with the interest rates on borrowings that are floating. Interest rate instruments allow the Group to swap floating rate borrowings into fixed rate borrowings in accordance with the PMP Group policy. These activities are regularly evaluated to ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet financial obligations and to ensure compliance with borrowing covenants. The total cost of borrowings before capitalised borrowing fees at 30 June 2013 was 8.54% (2012: 7.18%). The total cost of borrowing including capitalised borrowing fess, bank and other charges at 30 June 2013 was 12.92% (2012: 8.61%).

i) Interest rate risk exposure

The following tables set out the carrying amount by maturity of the financial instruments exposed to interest rate risk for the Group:

		2013 ($000)					
			Fixed Interest maturing in				
	NOTES	Floating interest rate	1 year or less	1 to 2 years	2 to 5 years	Non-interest bearing	Total
Financial assets							
Cash and deposits	29(b)	21,211	—	—	—	—	21,211
Receivables	5,7	—	—	—	—	99,599	99,599
Other financial assets	7	—	—	—	—	240	240
Total financial assets		21,211	—	—	—	99,839	121,050
Weighted average interest rate		3.0%	—	—	—		
Financial liabilities							
Payables	12	—	—	—	—	(138,897)	(138,897)
Bank loans (1)	13	(110,224)	—	—	—	—	(110,224)
Finance lease liabilities	13	—	(51)	(18)	—	—	(69)
Total recognised financial liabilities		(110,224)	(51)	(18)	—	(138,897)	(249,190)
Hedging instruments (2)		69,395	(27,598)	(10,000)	(31,797)	—	—
Financial liabilities including hedging activities		(40,829)	(27,649)	(10,018)	(31,797)	(138,897)	(249,190)
Weighted average interest rate (3)		7.2%	9.6%	8.4%	8.8%		8.5%
Net financial liabilities including hedging activities		(19,618)	(27,649)	(10,018)	(31,797)	(39,058)	(128,140)

		2012 ($000)					
			Fixed Interest maturing in				
	NOTES	Floating interest rate	1 year or less	1 to 2 years	2 to 5 years	Non-interest bearing	Total
Financial assets							
Cash and deposits	29(b)	12,254	—	—	—	—	12,254
Receivables	5,7	—	—	—	—	107,911	107,911
Other financial assets	7	—	—	—	—	240	240
Total financial assets		12,254	—	—	—	108,151	120,405
Weighted average interest rate		3.5%	—	—	—		
Financial liabilities							
Payables	12	—	—	—	—	(141,500)	(141,500)
Bank overdraft	13	(551)	—	—	—	—	(551)
Bank loans	13	(154,820)	—	—	—	—	(154,820)
Finance lease liabilities	13	—	(77)	(70)	—	—	(147)
Total recognised financial liabilities		(155,371)	(77)	(70)	—	(141,500)	(297,018)
Hedging instruments (2)		113,147	(10,000)	(26,767)	(76,380)	—	—
Financial liabilities including hedging activities		(42,224)	(10,077)	(26,837)	(76,380)	(141,500)	(297,018)
Weighted average interest rate (3)		6.2%	8.6%	8.2%	7.5%		7.2%
Net financial liabilities including hedging activities		(29,970)	(10,077)	(26,837)	(76,380)	(33,349)	(176,613)

(1) Includes the Euro denominated loan which has been recorded at the hedged rate of 0.815 based on the cross currency swaps.

(2) Notional value of interest rate swaps.

(3) It is the average rate payable for fixed and floating borrowings.

As at balance date, the Group maintained floating rate borrowings of $40.8 million (2012: $42.2 million), that were not hedged by interest rate swaps. The associated interest rate risk is partially mitigated by expected free cash flow and intra-period movements in cash requirements. Under the bank loans outstanding, the Group pays the Bank Bill Swap Rate (BBSW) plus a margin between 300 and 450 basis points. In 2013, the average all up borrowing rate including capitalised fees and charges was 10.7% (2012: 9.0%)

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 ($'000) 2013	2012
30 Financial instruments (continued)			
(b) Interest Rate Management (continued)			
ii) Fair value of interest rate swaps			
Australian Dollar interest rate swaps		**(753)**	(1,504)
New Zealand Dollar interest rate swaps		**(798)**	(2,535)
Total fair value of interest rate swaps	15	**(1,551)**	(4,039)

At 30 June 2013, $1.4 million of income has been recorded in the Statement of profit or loss and other comprehensive income (2012: $2.0 million expense).

	NOTES	2013	2012
iii) Fair value of cross currency swaps			
Australian Dollar / Euro cross currency interest rate swaps		**2,350**	—
Total fair value of cross currency swaps	15	**2,350**	—
Comprised of:			
Financial assets - non-current	15	**2,527**	—
Financial liabilities - current	15	**(177)**	—
Total fair value of cross currency swaps		**2,350**	—

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

At 30 June 2013, a $12,000 gain has been recorded in the Statement of profit or loss and other comprehensive income (2012: not applicable).

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

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

Net (loss)/profit impact at 30 June

	NOTES	2013	2012
Interest rates increase 1%		**1,170**	2,966
Interest rates decrease 1%		**(944)**	(3,073)

v) Interest rate sensitivity analysis - Cash flow Interest Rate Risk

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

Net (loss)/profit impact at 30 June

	NOTES	2013	2012
Interest rates increase 1%		**(325)**	(595)
Interest rates decrease 1%		**325**	595

(c) Foreign exchange management

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

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

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

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

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

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

30 Financial instruments (continued)

(c) Foreign exchange management (continued)

i) Foreign currency borrowings

	Liabilities ($'000)		Assets ($'000)	
	2013	2012	2013	2012
Euro borrowings	20,751	—	—	—
Cross Currency Swap	(20,751)	—	—	—
	—	—	—	—

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

	Avg exchange rate ($)		PMP Group ($'000)	
	2013	2012	2013	2012
United States Dollars - less than one year	0.999	1.010	11,711	13,826
UK Pounds - less than one year	0.607	—	34	—
UK Pounds receivables - less than one year	0.609	0.634	(391)	(3,513)
Euro - less than one year	0.775	0.764	35,947	47,878
			47,301	58,191

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

			NZ Dollars		AUD $ Equivalent	
	Avg exchange rate ($)		Avg fixed rate NZD $'000		PMP Group ($'000)	
	2013	2012	2013	2012	2013	2012
United States Dollars - less than one year	0.824	0.804	24,180	23,106	20,308	18,126
			24,180	23,106	20,308	18,126

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

	Avg exchange rate ($)		PMP Group ($'000)	
	2013	2012	2013	2012
Euros - less than one year	0.775	0.707	60	17,691
Swiss Francs - less than one year	—	0.884	—	529
			60	18,220

The capital expenditure includes the purchase and installation of printing presses and associated equipment across Australia.

v) Fair value of forward exchange contracts

		PMP Group ($'000)	
	NOTES	2013	2012
Australian entity - foreign exchange contracts relating to receipts		(2)	51
Australian entity - foreign exchange contracts relating to payments		4,361	(1,904)
New Zealand entity - foreign exchange contracts relating to payments		1,376	532
Australian entity - foreign exchange contracts relating to capital expenditure		5	(2,058)
Total fair value of forward exchange contracts		5,740	(3,379)
Comprised of:			
Financial assets - current	15	5,740	600
Financial liabilities - current	15	—	(3,979)
Total fair value of forward exchange contracts		5,740	(3,379)

30 Financial instruments (continued)

(c) Foreign currency management (continued)

v) Fair value of forward exchange contracts (continued)

At 30 June 2013, a $0.9 million credit (2012: $0.06 million credit) has been recognised within the Statement of profit or loss and other comprehensive income and a $4.1 million credit, excluding tax effect (2012: $3.0 million debit) is included within the cash flow hedge reserve in equity.

$0.9 million credit was transferred to inventory during the financial year ended 30 June 2013 (2012: $0.2 million debit).

vi) 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:

	Rate		
	Year end	10% increase	10% decrease
Australia dollar to:			
United States dollar	0.927	1.020	0.843
Euro	0.711	0.782	0.647
New Zealand dollar to:			
United States dollar	0.779	0.857	0.708

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

	PMP Group ($'000)	
NOTES	2013	2012
Equity (cash flow hedge reserve) at 30 June		
If there was a 10% increase in exchange rates with all other variables held constant - (decrease)	**(4,805)**	(7,108)
If there was a 10% decrease in exchange rates with all other variables held constant - increase	**5,371**	7,870

The impact on 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.

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

30 Financial instruments (continued)

(d) Liquidity management (continued)

	PMP Group						
	Weighted Avg effective interest rate	Carrying amount	Contractual cash flows	Less than one year	1 to 2 years	2 to 5 years	> 5 years
Interest bearing liabilities	* %	$'000	$'000	$'000	$'000	$'000	$'000
	30 June 2013						
Bank Overdraft - Australia	9.6%	—	—	—	—	—	—
Bank Loans - Australia (1)	7.0%	50,000	53,149	32,805	20,344	—	—
Bank Loans - New Zealand (1)	7.1%	39,473	42,986	2,799	40,187	—	—
Bank Loans - Euro (2)	2.3%	23,776	27,274	3,311	3,341	9,933	10,689
Interest Rate Swaps - Aust (4)	4.5%	753	856	559	239	58	—
Interest Rate Swaps - NZ (4)	5.0%	798	893	441	237	215	—
Cross Currency Swap - AUD/EUR (3)	7.1%	(2,350)	602				
- inflows				(3,363)	(3,358)	(9,983)	(10,744)
- outflows				3,826	3,676	10,419	10,129
Finance lease liabilities	10.7%	69	74	56	18	—	—
Forward FX Contracts							
- inflows	—	(5,742)	(391) (5)	(391)	—	—	—
- outflows	—	2	68,060 (5)	68,060	—	—	—
Payables	—	138,897	138,897	138,897	—	—	—
Total		**245,676**	**332,400**	**247,000**	**64,684**	**10,642**	**10,074**
	30 June 2012						
Bank Overdraft - Australia	9.7%	551	551	551	—	—	—
Bank Loans - Australia (1)	6.2%	85,000	91,719	45,723	33,050	12,946	—
Bank Loans - New Zealand (1)	5.6%	69,820	84,960	43,881	2,240	38,839	—
Finance lease liabilities	10.7%	147	164	88	56	20	—
Interest Rate Swaps - Aust (4)	4.5%	1,504	1,679	74	451	1,154	—
Interest Rate Swaps - NZ (4)	5.0%	2,535	2,753	—	372	2,381	—
Forward FX Contracts							
- inflows	—	(600)	(3,513) (5)	(3,513)	—	—	—
- outflows	—	3,979	98,051 (5)	98,051	—	—	—
Payables	—	141,500	141,500	141,500	—	—	—
Total		**304,436**	**417,864**	**326,355**	**36,169**	**55,340**	**—**

(1) This is the base interest rate including margin and undrawn commitment fees that is payable to our Australian and New Zealand dollar lenders.

(2) The interest rate is based on the Euro interest rate on the Euro Loan with the cash flows converted into Australian Dollars.

(3) The interest rate is based on the Australia Dollar interest rate as a result of the hedging of the Euro Loan into Australian Dollars with the cash flows being Australian Dollars payments and Euro receipts (converted into Australian Dollars).

(4) This is the net amount for interest rate swaps for which net cash flows are exchanged.

(5) This represents only the Australian Dollar equivalents of the foreign currency payment/receipt leg and the forward contract.

* The weighted average interest rate is based on the market based forward yield curve inclusive of the implied bank margin on the loans which determines the future contractual cash flows.

(e) Credit Risk

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

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

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

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

30 Financial instruments (continued)

(f) Capital management

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

- The capability to service debt and meet financial covenant constraints;
- Delivering a capital structure which meets the Group's cash flow requirements;
- Listed comparables and market expectations;
- 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 2 times, and at 30 June 2013 was at 1.2 times
- EBITDA (before significant items) to borrowing costs of greater than 4.0 times, and at 30 June 2013 was at 4.8 times

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

(g) Fair values

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

(h) Fair value measurements

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

The fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

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

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

	PMP Group ($'000)			
30 June 2012	Level 1	Level 2	Level 3	Total
Financial derivatives being hedge accounted				
Forward Foreign Exchange Contracts	—	(3,379)	—	(3,379)
Financial derivatives at fair value through profit or loss				
Interest Rate Swaps	—	(4,039)	—	(4,039)
Foreign Exchange Option Contracts	—	—	—	—
Total financial derivatives	**—**	**(7,418)**	**—**	**(7,418)**

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. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value. Other techniques such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. The fair value of forward exchange contracts is calculated by reference to current forward contracts with similar maturity profiles. These instruments are included in level 2.

31 Contingent liabilities

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

The Company:

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

Related bodies corporate:

- PMP has guaranteed the borrowings of PMP Finance Pty Limited and PMP (NZ) Limited to facilitate group banking arrangements.
- Wholly owned entities in the PMP Group have provided guarantees to banks, in respect of debt and foreign currency management.
- Entities in the PMP Group contribute to a number of defined benefit superannuation funds and have undertaken to contribute annually such amounts as the actuaries consider necessary to secure the rights of members.

32 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.

33 Interest in jointly controlled entity

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

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

Summarised financial information is set out below:

	($'000)	
	2013	2012
Share of revenues	—	1,601
Share of profits after income tax	—	20
Share of assets	—	626
Share of liabilities	—	597

	NOTES	PMP Limited ($'000) 2013	2012
34 Parent			
As at, and throughout the 2013 financial year, the parent company of PMP Group was PMP Limited.			
Financial performance of the parent			
(Loss)/profit after tax		**(105,846)**	13,537
Other comprehensive income/(expense)		**209**	(1,265)
Total comprehensive (expense)/income		**(105,637)**	12,272
Financial position of the parent at year end			
Current assets		**505,830**	567,553
Non-current assets		**204,004**	248,726
Total assets		**709,834**	816,279
Current liabilities		**451,394**	451,607
Non-current liabilities		**406**	1,001
Total liabilities		**451,800**	452,608
Total equity of the parent comprising of:			
Contributed equity		**356,035**	356,035
Accumulated (losses)/profits		**(99,121)**	6,516
Share-based payment reserve		**1,120**	1,120
Total equity		**258,034**	363,671
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		**4,404**	5,655
- later than one year but not later than five years		**7,563**	10,340
- later than five years		**3,326**	4,591
Total operating lease rentals (lessee)		**15,293**	20,586
Operating lease rentals - parent as lessor :			
- not later than one year		**1,367**	2,314
- later than one year but not later than five years		**1,917**	4,863
Total operating lease rentals (lessor)		**3,284**	7,177

Investment in controlled entities

The parent has impaired its investment in controlled entities by $85.3 million during the year ended 30 June 2013.

Contributed equity and accumulated losses

In accordance with section 258F of the Corporations Act 2001, in September 2011 the Company reduced its paid up ordinary share capital balance by $263.6 million for the share capital lost as represented by the total of accumulated losses of the parent entity at 30 June 2011.

Parent capital guarantees in respect of debts of certain subsidiaries

The parent has entered into a deed of guarantee with the effect that the parent guarantees debts in respect of subsidiaries.

Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are disclosed in Note 20.

Parent contingent liabilities

There were $nil (2012: $nil) of contingent liabilities.

DIRECTORS' DECLARATION

PMP Limited
ABN 39 050 148 644

PMP LIMITED

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Australia

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www.pmplimited.com.au

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

(a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements are in compliance with the Financial Reporting Standards, as stated in Note 1 to the financial statements;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001

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

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

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

On behalf of the Directors

Matthew Bickford-Smith
Chairman

Peter George
Managing Director and Chief Executive Officer

Sydney, 30 August 2013

Deloitte.

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Independent Auditor's Report to the members of PMP Limited

Report on the Financial Report

We have audited the accompanying financial report of PMP Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 42 to 95.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PMP Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 38 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of PMP Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants
Sydney, 30 August 2013

FIVE YEAR SUMMARY

		2009	2010	2011	2012	2013	% change
			<a>			<a>	
SALES REVENUE							
PMP Australia	A$ mill	708.1	607.7	591.9	564.0	**493.6**	(12.5%)
Gordon and Gotch Australia	A$ mill	428.4	408.9	413.4	358.5	**323.4**	(9.8%)
PMP New Zealand	A$ mill	209.1	195.5	189.0	171.4	**158.8**	(7.3%)
Total Sales Revenue	A$ mill	1,345.6	1,212.1	1,194.3	1,093.9	**975.8**	(10.8%)
PROFITABILITY							
EBITDA	A$ mill	96.7	92.8	100.1	76.5	**72.2**	(5.7%)
EBIT							
PMP Australia	A$ mill	43.8	49.0	56.6	39.9	**30.6**	(23.2%)
Gordon and Gotch Australia	A$ mill	13.0	7.5	3.7	1.0	**1.1**	12.1%
PMP New Zealand	A$ mill	9.0	5.5	4.8	1.6	**9.7**	—
Corporate	A$ mill	(10.9)	(9.8)	(8.4)	(9.8)	**(7.0)**	27.8%
Total EBIT	A$ mill	54.9	52.2	56.7	32.7	**34.4**	5.1%
PMP Australia EBIT/sales	%	6.2	8.1	9.6	7.1	**6.2**	(12.7%)
Gordon and Gotch Australia EBIT/sales	%	3.0	1.8	0.9	0.3	**0.4**	33.3%
PMP New Zealand EBIT/sales	%	4.3	2.8	2.6	0.9	**6.1**	—
Total EBIT/sales	%	4.1	4.3	4.7	3.0	**3.5**	16.7%
OTHER							
Net cash provided by operating activities	A$ mill	43.3	74.7	70.2	31.4	**7.6**	(75.8%)
Earnings per ordinary share (basic)	cents	(7.9)	6.2	(3.4)	(7.5)	**(21.5)**	—
Earnings per ordinary share (diluted)	cents	(7.9)	6.1	(3.4)	(7.5)	**(21.5)**	—
Dividend per share (paid)	cents	<b> 3.0	—	<c> 1.0	<d> 2.0	**—**	—
Total assets	A$ mill	838.0	792.8	738.1	661.8	**549.1**	(17.0%)
Total net debt	A$ mill	208.3	168.1	141.0	143.3	**89.1**	37.8%
Total shareholders equity	A$ mill	351.7	374.9	355.3	320.7	**258.0**	(19.5%)
Net debt/Equity ratio	%	59.2	44.8	39.7	44.7	**34.5**	22.8%
Interest cover	times	5.1	5.3	6.7	4.9	**4.8**	(2.0%)
Depreciation	A$ mill	40.6	39.5	39.6	40.2	**37.0**	8.1%
Amortisation	A$ mill	1.2	1.2	3.8	3.6	**0.8**	77.5%
Capital expenditure	A$ mill	23.4	30.9	<e> 39.7	<f> 29.6	**23.8**	19.7%
Employees full time	No.	2,762	2,678	2,622	2,159	**1,587**	(26.5%)

Note: EBIT - Earnings before significant items, finance costs and income tax.

<a> During 2013, PMP changed its segment reporting structures due to a change to a functional organisational structure. Comparatives have been restated for 2009, 2010, 2011 and 2012. During 2010, PMP revised its accounting policy for its defined benefit plan. Comparatives have been restated for 2009.

<b> Final dividend for the year ended 30 June 2008 of 3.0 cents (60% franked).

<c> Final dividend for the year ended 30 June 2010 of 1.0 cent, fully franked.

<d> Final dividend for the year ended 30 June 2011 of 1.0 cent and interim dividend for the year ended 30 June 2012 of 1.0 cents both fully franked.

<e> Includes the cash paid for the business and assets of International Print Limited.

<f> Includes the cash pre-paid for the construction of a printing press.

SHARE REGISTER INFORMATION

as at 16 August 2013

Shares and Options / Rights	
Shares on issue	**323,781,124**
Rights on issue	—
Employee rights*	12,143,766
Total rights/options	**12,143,766**

* 710,371 performance rights lapsed on 28 August 2013, following the announcement of the results for the year ended 30 June 2013.

Distribution of Shareholders	Number of Shareholders	Number of Shares	% Percentage
1 - 1,000	746	436,660	0.13
1,001 - 5,000	1,983	5,633,400	1.74
5,001 - 10,000	477	3,831,261	1.18
10,001 - 100,000	577	20,400,608	6.30
100,001 and over	108	293,479,195	90.65
Total number	**3,891**	**323,781,124**	**100.00**
Unmarketable Parcels			
Minimum $ 500.00 parcel at $ 0.2750 per unit is 1,819	1,091	942,584	—

Name of Substantial Shareholder <a>	Number of Securities	% Voting Power
Allan Gray Investment Management	63,188,461	19.5%
Lazard Asset Management Pacific Co	48,405,278	14.9%
Lanyon Asset Management	44,235,047	13.7%
Fraser & Neave	39,020,117	12.1%
PM Capital	29,731,325	9.2%
Private Stakeholders (Australia)	23,050,400	7.1%
Dimensional Fund Advisors	17,315,638	5.3%

Twenty Largest Shareholders <b>	Number of Shares	% of Total Issued
Citicorp Nominees Pty Limited	73,885,243	22.82
J P Morgan Nominees Australia Limited	62,693,124	19.36
National Nominees Limited	48,979,189	15.13
Aust Executor Trustees Ltd <Lanyon Aust Value Fund>	20,447,369	6.32
HSBC Custody Nominees (Australia) Limited	15,542,252	4.80
Lanyon Asset Management Pty Limited <SP No 1 A/C>	7,872,271	2.43
UBS Nominees Pty Ltd	7,158,356	2.21
BNP Paribas Noms Pty Ltd <Drp>	6,043,716	1.87
Lanyon Asset Management Pty Limited <SP No 1 A/C>	5,814,828	1.80
SP Trust No 1	5,000,000	1.54
Lanyon Asset Management Pty Limited <SP No 1 A/C>	4,494,179	1.39
Sandhurst Trustees Ltd <JMFG Consol A/C>	3,805,010	1.18
HSBC Custody Nominees (Australia) Limited - A/C 2	2,098,730	0.65
Invia Custodian Pty Limited <Royal Auto - Strategic A/C>	2,000,000	0.62
Mr Michael Gannon and Mr Peter Murray <Peter Murray Super Fund A/C>	1,300,000	0.40
Mr Anthony Cotterell and Ms Bridget Mary Naude and Mr Marc Paul Dineen <Ancot A/C>	1,195,295	0.37
Miss Yan Li	1,190,000	0.37
Dr Janet Dawn Kencian	811,633	0.25
Mr Mark Herdman and Mrs Heather Fletcher Herdman <The Constantia A/C>	700,000	0.22
Miss Kathryn Julie Paddick	658,089	0.20
Total Holding	271,689,284	83.91

<a> As at 19 August 2013.

<b> The top holders snapshot shows ungrouped accounts.

SHAREHOLDER INFORMATION

Alistair Clarkson
BCom LLB MBA ACIS GradDipACG
Company Secretary

Investor Information

Shareholders requiring information should contact the share registry, or:

Geoff Stephenson
Chief Financial Officer

Telephone: 02 9412 6000
Facsimile: 02 9413 3942
Email: geoff.stephenson@pmplimited.com.au

The PMP Limited Annual General Meeting
will be held at 9:30 am
on Wednesday 20 November 2013 at

Menzies Hotel
14 Carrington Street
Sydney NSW 2000

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

Shareholder Details

PMP shareholders who:

- have changed their name or address
- wish to consolidate two or more separate holdings
- wish to lodge their tax file numbers
- do not wish to receive an Annual Report

should advise PMP's share registry by completing the relevant forms available from www.computershare.com or by telephoning 1300 556 161 to request the appropriate forms.

Shareholders accessing the Computershare website will need to key in their Holder Identification Number (HIN) if their securities are broker-sponsored and held in CHESS, while shareholders with securities held in an issuer-sponsored sub-register will need to key in their Security Reference Number (SRN).

Tax File Numbers

It is important that Australian resident shareholders have their tax file number or exemption details noted by the share registry. While it is not compulsory to provide a tax file number or exemption details, PMP is required by law to deduct tax at the top marginal rate from the unfranked part of any dividend paid to Australian resident shareholders who have not supplied these details.

Receive Information by Email

Shareholders can receive notifications about company announcements, annual and periodic reports and other company information by email.

By registering for this service, shareholders can be kept up to date with significant company announcements as they happen.

To Register Electronically:

Visit www.pmplimited.com.au and follow these easy steps:

Click on Register Your Email Address for shareholder information

Then enter your personal security information:

- Holder Identification Number (HIN) or Security Reference Number (SRN)
- Postcode

Click on "Submit" and follow the prompts

Then just click on 'reply' to confirm your details, then 'send'.

Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
GPO Box 1903
Adelaide SA 5001

Enquiries within Australia: 1300 556 161
Enquiries outside Australia: +61 3 9415 4000
Email: web.queries@computershare.com.au
Website: www.computershare.com

Chief Entity Auditors

Deloitte Touche Tohmatsu

Principal Bankers

ANZ Banking Group Limited
Commonwealth Bank of Australia
Commerzbank AG

The 2013 Annual Report was produced by PMP Limited companies

Print

PMP Maxum (NZ) Limited
15c Vestey Drive,
Mount Wellington
Auckland, New Zealand
Telephone: +64 09 377 9322

Concept, Design and Photography

Dimension Studios
Units 14-17
32 Ralph Street
Alexandria NSW 2015
Australia
Telephone: +61 02 9490 7239

Paper sourcing

PMP's Paper Procurement Policy requires that all paper used by the company is sourced in a sustainable and responsible manner consistent with recognised international standards. This policy enables our customers to have a high level of confidence in the sustainability of their printed communications.

When producing this annual report, PMP applied the following additional criteria:-

- Support paper suppliers who are striving to achieve the highest sustainability targets;
- Insist on FSC or PEFC accredited paper;
- Support a printer which is also striving to achieve the highest sustainability targets (PMP Maxum);
- Offset the life cycle greenhouse gas emissions from the annual report

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

FSC® www.fsc.org
MIX
Paper from responsible sources
FSC® C107466

The life cycle greenhouse gas emissions of this annual report were calculated in line with PAS 2050 and offset with Verified Carbon Standard credits.

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PMP LIMITED