

# Preliminary final report of PMP Limited

## for the year ended 30 June 2015

This preliminary final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

Current reporting period:	Financial year ended 30 June 2015
Previous corresponding period:	Financial year ended 30 June 2014

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The information contained in this report is to be read in conjunction with the last annual report and any announcements made to the market by PMP Limited during the year.

For more information about PMP Limited, please visit our website at:  
[www.pmplimited.com.au](http://www.pmplimited.com.au)



**PMP Limited**  
**ABN 39 050 148 644**  
**Preliminary final report**  
**for the year ending 30 June 2015**

## Results for announcement to the market

Extracts from this report for announcement to the market.

Revenue, EBIT and net profit		Percentage Change %	Amount \$'000
Sales revenue	up/(down)	(9.7%) to	811,682
Revenue	up/(down)	(9.7%) to	819,838
EBIT (including significant items)	up/(down)	1.2% to	20,414
EBIT (excluding significant items)	up/(down)	(8.6%) to	26,353
Net result for the year	up/(down)	134.7% to	7,985

  

Dividends (Distributions)	
<p>Nil dividends declared during the year ended 30 June 2015. (2014: Nil) On 25th August 2015, the company declared a dividend of 1.8 cents per share, 50% franked, which equates to \$5.8million (see page 10 for details).</p>	

  

Brief explanation of financial results	
<p>For the year ended 30 June 2015, PMP's EBIT (before significant items) was \$26.4 million a 8.6% or \$2.5 million reduction on the prior period as higher profits at PMP New Zealand and further transformation savings were offset by lower print and distribution revenues in Australia and \$0.8 million increase in lease rental from the property sale and leaseback programme. Cash interest paid fell \$3.4 million from \$11.5 million to \$8.1 million.</p> <p>Net profit after tax at \$8.0 million is \$4.6 million better than prior year's profit primarily due to \$4.3 million lower significant items after tax and earnings before tax pre significant items up \$0.3 million.</p> <p>PMP New Zealand had a 3% increase in sheetfed sales and 2% higher heatset print volumes and further cost reductions which offset difficult print market conditions with EBIT (before significant items) up 11.9%. Gordon &amp; Gotch EBIT (before significant items) at \$3 million was slightly down vs last year as lower volumes were mostly offset by additional cost savings.</p> <p>PMP Australia had lower heatset print and distribution revenues mainly from a print customer buying their own paper, the exit from the Directories business and not pursuing low margin print contracts. EBIT (before significant items) at \$18.1 million was down \$2.8 million as lower volumes were mostly offset by new transformation savings, general cost controls and lower depreciation.</p> <p>Cash flow from operations at \$33.2 million was \$2.4 million lower vs last year due to lower significant items (down \$5.8 million) and reduced interest paid (down \$3.4 million vs prior year) were offset by lower EBITDA (pre significant items) and higher working capital (mainly due to lower negative working capital at Gordon &amp; Gotch Australia). Net debt at \$16.3 million was \$35.4 million lower than prior year with net debt to EBITDA (before significant items) down from 0.8x to 0.3x and interest cover up from 5.1x to 6.5x.</p> <p>Refer to ASX announcements for further explanation of the group's results.</p>	

  

Net tangible assets per security	2015 \$	2014 \$
Net tangible assets per security	0.76	0.73

  

Details of entities over which control has been gained or lost	
<p>There are no entities within the consolidated group over which control has been gained or lost during the period.</p>	

  

Information on audit	
<p>This report is based upon accounts that are in the process of being audited.  There are no likely disputes or qualifications to the accounts.</p>	





# Statement of profit or loss and other comprehensive income

PMP Limited and its controlled entities  
ABN 39 050 148 644

PMP Group

YEAR ENDED 30 JUNE 2015		2015	2014
		\$'000	\$'000
<b>Continuing operations</b>			
Sales revenue	2(a), 9	811,682	899,218
Other revenue	2(a), 9	8,156	9,178
Raw materials and consumables used		(204,526)	(233,733)
Cost of finished goods sold		(251,661)	(285,190)
Employee expenses		(228,406)	(244,549)
Outside production services		(14,968)	(23,359)
Freight		(16,396)	(17,526)
Repairs and maintenance		(16,233)	(14,990)
Occupancy costs		(21,260)	(18,092)
Other expenses		(14,227)	(16,197)
Depreciation and amortisation	2(e), 9	(31,747)	(34,592)
Finance costs	3	(8,838)	(12,077)
<b>Profit before income tax</b>	2(c)	<b>11,576</b>	<b>8,091</b>
Income tax expense:			
Current tax (expense) in respect of the current period		(2,467)	(567)
Deferred tax (expense) relating to the current period		(1,124)	(4,122)
Income tax expense	4	(3,591)	(4,689)
<b>Net profit after income tax</b>		<b>7,985</b>	<b>3,402</b>
<b>Other comprehensive income/(expense)</b>			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains/(losses)		(125)	443
Income tax relating to items that will not be reclassified subsequently		38	(133)
		(87)	310
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(3,419)	6,150
Gain/(loss) on cash flow hedges taken to equity		2,971	(6,068)
Income tax relating to items that may be reclassified subsequently		(871)	1,782
		(1,319)	1,864
<b>Other comprehensive income/(expense) for the period (net of tax)</b>		<b>(1,406)</b>	<b>2,174</b>
<b>Total comprehensive profit for the year</b>		<b>6,579</b>	<b>5,576</b>
Basic earnings per share (cents)		2.5	1.1
Diluted earnings per share (cents)		2.5	1.1
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)		323,781	323,781
(a) Significant items included within profit before finance costs and income tax ("EBIT")	2(b)	(5,938)	(8,653)
(b) Significant items included within finance costs	2(b)	(35)	(443)
Total significant items		(5,973)	(9,096)
EBIT excluding significant items		26,353	28,821

# Statement of financial position

PMP Limited and its controlled entities

ABN 39 050 148 644

		PMP Group	
		2015	2014
YEAR ENDED 30 JUNE 2015	NOTES	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	11(b)	49,529	28,745
Receivables		78,833	85,125
Inventories		69,769	75,048
Financial assets		1,878	-
Other		6,602	9,359
		206,611	198,277
Non-current assets classified as held for sale		-	4,136
<b>Total current assets</b>		206,611	202,413
<b>Non-current assets</b>			
Property, plant and equipment		178,857	207,393
Deferred tax assets		52,793	58,197
Goodwill and intangible assets		26,842	28,415
Financial assets		2,360	2,610
Other		4,093	3,626
<b>Total non-current assets</b>		264,945	300,241
<b>Total assets</b>		471,556	502,654
<b>Current liabilities</b>			
Payables		105,999	120,825
Interest bearing liabilities - financial institutions	5(a)	2,887	15,017
Income tax payable		13	20
Financial liabilities		150	2,961
Provisions		18,558	25,112
<b>Total current liabilities</b>		127,607	163,935
<b>Non-current liabilities</b>			
Interest bearing liabilities - financial institutions	5(b)	65,878	68,708
Deferred tax liabilities		1,845	2,535
Financial liabilities		-	144
Provisions		4,197	2,539
<b>Total non-current liabilities</b>		71,920	73,926
<b>Total liabilities</b>		199,527	237,861
<b>Net assets</b>		272,029	264,793
<b>Equity</b>			
Contributed equity	6	356,035	356,035
Reserves	7	8,596	9,456
Accumulated losses		(92,602)	(100,698)
<b>Total equity</b>		272,029	264,793



# Statement of cash flows

PMP Limited and its controlled entities

ABN 39 050 148 644

		PMP Group	
		2015	2014
YEAR ENDED 30 JUNE 2015	NOTES	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		907,387	1,008,230
Payments to suppliers and employees		(866,476)	(961,277)
Interest rate swap close out costs	3	(190)	(443)
Interest received	3	500	253
Interest and other costs of finance paid		(8,074)	(11,499)
Income tax received		12	280
<b>Net cash flow from operating activities</b>	11(a)	<b>33,159</b>	<b>35,544</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,414)	(4,765)
Proceeds from sale of property, plant and equipment		8,399	10,187
Payments for development costs and licences		(78)	(443)
Proceeds from sale of business		-	537
<b>Net cash flow provided by investing activities</b>		<b>2,907</b>	<b>5,516</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	50,000
Repayments of borrowings		(15,056)	(84,140)
Payment of finance lease liabilities		(18)	(51)
<b>Net cash flow used in financing activities</b>		<b>(15,074)</b>	<b>(34,191)</b>
Net increase in cash held		20,992	6,869
Cash at the beginning of the financial year		28,745	21,211
Effects of exchange rate changes on cash		(208)	665
<b>Cash at the end of the financial year</b>	11(b)	<b>49,529</b>	<b>28,745</b>

# Statement of changes in equity

PMP Limited and its controlled entities  
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2015

	Attributable to equity holders of PMP Limited					Total equity \$'000
	Contributed equity \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Share-based payment reserve \$'000	Cash flow hedge reserve \$'000	
<b>PMP Group</b>						
<b>At 1 July 2013</b>	356,035	(104,853)	3,887	1,120	2,427	258,616
Currency translation differences	-	-	6,150	-	-	6,150
Cash flow hedges (net of tax)	-	-	-	-	(4,286)	(4,286)
Defined benefit plan (net of tax)	-	310	-	-	-	310
Total income/(expense) recognised directly in equity	-	310	6,150	-	(4,286)	2,174
Profit for the year	-	3,402	-	-	-	3,402
Total comprehensive (expense) /income for the year	-	3,712	6,150	-	(4,286)	5,576
Share-based payments	-	443	-	158	-	601
<b>At 30 June 2014</b>	<b>356,035</b>	<b>(100,698)</b>	<b>10,037</b>	<b>1,278</b>	<b>(1,859)</b>	<b>264,793</b>
<b>At 1 July 2014</b>	356,035	(100,698)	10,037	1,278	(1,859)	264,793
Currency translation differences	-	-	(3,419)	-	-	(3,419)
Cash flow hedges (net of tax)	-	-	-	-	2,100	2,100
Defined benefit plan (net of tax)	-	(87)	-	-	-	(87)
Total income/(expense) recognised directly in equity	-	(87)	(3,419)	-	2,100	(1,406)
Profit for the year	-	7,985	-	-	-	7,985
Total comprehensive (expense)/income for the year	0	7,898	(3,419)	0	2,100	6,579
Share-based payments	-	198	-	459	-	657
<b>At 30 June 2015</b>	<b>356,035</b>	<b>(92,602)</b>	<b>6,618</b>	<b>1,737</b>	<b>241</b>	<b>272,029</b>

A dividend reserve has been created in the parent entity (in accordance with a resolution of directors) of \$50 million (2014: nil) by declaring dividends from the subsidiaries to utilise the retained earnings held within those subsidiaries. This dividend reserve is used to accumulate distributable profits, preserving the characteristics of profit by not appropriating against prior year accumulated losses.



# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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YEAR ENDED 30 JUNE 2015

## Notes to the consolidated financial statements

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## 1 Summary of significant accounting policies

### Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A.

The financial report does not include all notes of the type normally included within the annual financial report. As a result it should be read in conjunction with the 30 June 2014 financial report of PMP Limited together with any public announcements made by PMP Limited during the financial year ended 30 June 2015.

### 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 financial statements, comprising the financial statements and notes, thereto comply with International Financial Reporting Standards ('IFRS').

## 1 Summary of significant accounting policies (continued)

### 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 2015.

### Changes in accounting policies

#### AASB 13 Fair Value Measurements:

Clarifies that short-term receivables and payables can still be measured without discounting if the effect of the discounting is immaterial. The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts within the scope of AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

#### AASB 2 Share-based Payments:

Change the definitions of 'vesting condition' and 'market condition', and add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition', for share based payment transactions where the grant date is on or after 1 July 2014.

#### AASB 8 Operating Segments:

Disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Clarifies that a reconciliation of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

#### AASB 124 Related Party Disclosures:

Clarify that a management entity providing key management personnel services to a reporting entity is a related party. Amounts incurred for such services should be disclosed as a related party transaction. However, disclosure of the components of such compensation is not required.

There has been no material change in accounting for the financial year ended 30 June 2015 as a result of applying these standards.



# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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## 1 Summary of significant accounting policies (continued)

### Standards and interpretations issued not yet adopted

#### AASB 9 Financial Instruments:

Introduced new requirements for the classification and measurement of financial assets including impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. The types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting has been broadened. Also, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required and enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is not applicable until 1 January 2018 but is available for early adoption. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 9.

#### AASB 15 Revenue from contracts with customers:

Establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede the current revenue recognition guidance when it becomes effective in January 2018.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition as follows:

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

At the date of issue of the preliminary final report, 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 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	1 January 2016	30 June 2017

At the date of authorisation of the financial statements, there have been no IASB Standards or IFRIC Interpretations that are issued but not yet effective.

### Critical accounting estimates, assumptions and judgements

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

The Group determines whether goodwill is impaired on a bi-annual basis and assesses impairment of all other assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless it does not generate inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs. An estimation of the recoverable amount of cash generating units is made by using a value in use model or fair value less costs of disposal. A number of assumptions are made by the Group in this estimation of recoverable amount.

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

In assessing fair value less costs of disposal, primary consideration is given to external sources of value such as comparable transactions adjusted for costs of disposal, market price in an actively traded market or the best information available to reflect the amount to be obtained from disposal. In the absence of comparable transactions, fair value has been assessed using a discounted cash flow methodology. This is supported by EBITDA multiples which serve as an external cross check. PMP believe that this provides the best indication of the recoverable amount to be obtained from disposal of the cash generating unit at arms length between knowledgeable and willing parties.

# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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YEAR ENDED 30 JUNE 2015

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## 1 Summary of significant accounting policies (continued)

### Critical accounting estimates, assumptions and judgements (continued)

#### (ii) Deferred tax assets

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

Tax losses in Australia have reduced from \$2.6 million in 2014 to \$0.5 million for the year to 30 June 2015 due to reduced transformation costs. The Directors considered it prudent to not recognise \$16.3 million of tax losses (equating to the \$13.2 million 2013, \$2.6 million 2014 and forecast \$0.5 million 2015 Australian tax losses). Despite the non-recognition of these losses on the balance sheet, the losses will remain available indefinitely for offset against future taxable profits, subject to continuing to meet the statutory tax tests of continuity of ownership or failing that, the same business test.

The Directors believe the Australian deferred tax asset value of \$34.8 million, attributable to tax losses, is supportable given the level of redundancy costs incurred in the previous years are not expected to reoccur and PMP is forecasting future tax profits from the 2016 financial year onwards, making it probable that the tax losses will be recouped over a period of 6 to 7 years versus 7 to 8 years at June 2014. This position will be reassessed on an ongoing basis.

The New Zealand deferred tax asset value of \$5.5 million, attributable to tax losses (which were partly recouped this year), are expected to be fully recouped over a period of 3 to 4 years.

#### (iii) Fair value measurement and valuation process

PMP has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, PMP determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and relies as little as possible on entity specific inputs. The fair values of all positions include assumptions made on the recoverability based on the counterparty's and PMP's credit risk.

Details of the inputs to the fair value of financial instruments are included in note 12.

#### (iv) Dividends (Distributions)

In preparation for capital management, various subsidiaries paid dividends from current and prior year profits to PMP Limited and a dividend reserve account has been established in PMP Limited (the parent entity of the group) from which future dividends will be paid. At 30 June 2015, this account had a balance of \$50.1 million. Going forward, annual profits from subsidiaries will be paid to PMP Limited to be transferred to the dividend reserve for future dividends.

The unsecured bond enables distributions by way of dividends, share buybacks and/or capital returns. We are constrained by the terms of the Bond to only pay out 50% of Net Profits After Tax, excluding significant items. Based on our Net Profits After Tax, excluding significant items for the year ended 30 June 2015 of \$12.1 million the Directors have declared a partially franked (50%) dividend of 1.8 cents per share, (which equates to \$5.8 million) to be paid on 6 October 2015.

No liability is recognised in the 2015 financial statements as this dividend was declared after 30 June 2015. However, the accumulated profits of PMP Limited of \$50 million for the year ended 30 June 2015 were resolved by the Directors to be transferred to a dividend reserve, to be utilised for future franked and unfranked dividends. Please refer to the Consolidated Statement of Changes in Equity in the Notes to the Annual Report, referring to the transfer of current year profits to the dividend reserve and Note 30 Parent for further details.



# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2015	NOTES	PMP Group	
		2015 \$'000	2014 \$'000
<b>2a Revenue</b>			
Sales revenue		811,682	899,218
<b>Included in profit before income tax are the following items of other revenue:</b>			
Other income - external		2,086	2,968
Rental income		1,931	1,647
Net gain on disposal of property	2(b), 2(c)	3,650	3,979
Net gain/(loss) on disposal of plant and equipment	2(c)	(11)	319
Interest income	3	500	265
Total other revenue		8,156	9,178
<b>Total revenue</b>	<b>9</b>	<b>819,838</b>	<b>908,396</b>

		2015 \$'000	2014 \$'000
<b>2b Significant items</b>			
<b>Included in net profit after income tax are the following significant items of revenue and expense:</b>			
Gain on disposal of property *	2(a)	(3,650)	(3,979)
Net gain on disposal of plant and equipment and non-current assets classified as held for sale		(13)	(420)
Restructure initiatives and other one off costs		9,018	13,052
Impairment of plant and equipment due to restructure initiatives	2(c)	583	-
Finance cost interest rate swap unwind	3	35	-
Write off of prepaid finance costs	3	-	443
Aggregate significant items (included in profit before interest and tax)		5,973	9,096
Tax benefit associated with significant items		2,342	2,969
Tax losses not brought to account		(472)	(2,649)
Use of capital gains tax losses not previously recognised		-	411
Tax benefit		1,870	731

**Significant items have been included in the Statement of profit or loss and other comprehensive income within the following categories:**

Other revenue	(3,663)	(4,399)
Employee expenses	5,654	10,751
Repairs and maintenance	956	111
Occupancy costs	2,013	763
Other expenses	978	1,427
Finance costs	35	443
	5,973	9,096

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

# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2015		PMP Group	
	NOTES	2015 \$'000	2014 \$'000
<b>2c Profit before income tax</b>			
<b>Profit before income tax is arrived at after charging/(crediting) the following items:</b>			
Lease rental expenses - operating leases		21,511	20,997
Net foreign exchange gain		(33)	(175)
Share-based payment plans	7	799	801
Net gain on disposal of property, plant and equipment	2(a)	(3,639)	(4,298)
Impairment of plant and equipment	2(b)	583	-
Bad debt provision movement		(114)	1,593
		2015 \$	2014 \$
<b>2d Auditors' remuneration</b>			
<b>Auditing the accounts</b>			
Chief entity auditors:	Deloitte Touche Tohmatsu	370,736	400,814
<b>Other services</b>			
Deloitte Touche Tohmatsu:	- Taxation and related advisory services	142,125	146,191
	- Consulting services	-	-
<b>Total auditors' remuneration</b>		<b>512,861</b>	<b>547,005</b>
		2015 \$'000	2014 \$'000
<b>2e Depreciation and amortisation</b>			
<b>Depreciation</b>			
Freehold buildings		-	27
Leasehold improvements		955	949
Plant and equipment		29,998	32,928
Leased plant and equipment		15	44
<b>Total depreciation</b>		<b>30,968</b>	<b>33,948</b>
<b>Amortisation</b>			
Development and licence costs		779	644
<b>Total amortisation</b>		<b>779</b>	<b>644</b>
<b>Total depreciation and amortisation</b>		<b>31,747</b>	<b>34,592</b>
		2015 \$'000	2014 \$'000
<b>3 Finance costs</b>			
<b>Interest expense:</b>			
Bank loans and overdraft		8,969	12,378
Unwind of discount on long term provisions		12	11
Finance lease charges		1	5
<b>Total interest expense</b>		<b>8,982</b>	<b>12,394</b>
Write off of prepaid finance costs	2(b)	-	443
(Gain) on interest rate swaps - unrealised		(179)	(757)
(Gain) on swaps closed out - realised	2(b)	(155)	(446)
Interest rate swap close out costs	2(b)	190	443
<b>Total finance costs</b>		<b>8,838</b>	<b>12,077</b>
Interest income	2(a)	(500)	(265)
<b>Net finance costs</b>		<b>8,338</b>	<b>11,812</b>



# Notes to the consolidated financial statements

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YEAR ENDED 30 JUNE 2015	PMP Group	
	2015 \$'000	2014 \$'000
<b>4 Income tax</b>		
<b>(a) Reconciliation of income tax expense</b>		
<b>Profit before income tax</b>	11,576	8,091
Prima facie income tax expense thereon at 30% (2014: 30%)	3,473	2,427
Tax effect of timing and other differences:		
Non assessable income	(714)	(800)
Capital gains tax losses not previously recognised	-	(411)
Effect of differences in overseas tax rate	(240)	(119)
Income tax (over)/under provided in previous year	(140)	(147)
Non deductible items for tax purposes	740	1,090
Benefit of tax losses not brought to account	472	2,649
<b>Income tax expense attributable to profit</b>	<b>3,591</b>	<b>4,689</b>
<b>Major component of income tax expense:</b>		
Current tax expense	2,467	567
Deferred tax expense	1,124	4,122
<b>Income tax expense attributable to profit</b>	<b>3,591</b>	<b>4,689</b>
<b>(b) Deferred tax assets and deferred tax liabilities</b>		
At 30 June 2015 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 (2014: \$nil).		
<b>(c) Franking credits</b>	2015 \$'000	2014 \$'000
The amount of franking credits available are:		
Franking account balance as at the end of the financial year at 30% (2014: 30%)	1,256	1,280
Franking debits that will arise from the dividends declared subsequent to balance date but not recognised as a distribution to equity holders during the period	(1,256)	-
<b>Franking account balance</b>	<b>-</b>	<b>1,280</b>

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

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

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

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

## (e) Tax losses not brought to account

	\$'000 Gross CY	\$'000 Tax effected
Revenue losses	54,423	16,327
Capital losses	284,088	85,226

The benefit of these revenue losses has not been brought to account as realisation is not probable within 6 -7 years, refer to Note 1 for details. In addition, capital losses are only able to be used against capital gains and so are not recognised until used in any tax year.



# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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YEAR ENDED 30 JUNE 2015	PMP Group	
	2015 \$'000	2014 \$'000
<b>5 Interest bearing liabilities</b>		
<b>(a) Current interest bearing liabilities - financial institutions</b>		
<b>Secured</b>		
Bank loans - repayable in: New Zealand dollars	-	12,120
Bank loans - repayable in: Euros*	2,887	2,878
Finance lease liabilities (secured over the leased assets)	-	19
<b>Total current interest bearing liabilities - financial institutions</b>	<b>2,887</b>	<b>15,017</b>
<b>(b) Non-current interest bearing liabilities - financial institutions</b>		
<b>Secured</b>		
Bank loans - repayable in: Euros*	15,878	18,708
<b>Unsecured</b>		
Corporate bond	50,000	50,000
<b>Total non-current interest bearing liabilities - financial institutions</b>	<b>65,878</b>	<b>68,708</b>

\* Represents Euro denominated loan of 12.9 million (2014: Euro 14.9 million) measured at the exchange rate prevailing at balance date.

## (c) Interest bearing liabilities - facility details

Facility details:	Facility \$'000s	Drawn \$'000s	Available \$'000s
<b>2015</b>			
<b>Secured</b>			
Overdraft facility	14,467	-	14,467
Revolving facility	533	-	533
Export finance facility *	18,765	18,765	-
<b>Unsecured</b>			
Corporate Bond	50,000	50,000	-
<b>Total facilities</b>	<b>83,765</b>	<b>68,765</b>	<b>15,000</b>

## 2014

<b>Secured</b>			
Overdraft facility	14,662	-	14,662
Revolving facility	27,929	12,120	15,809
Export finance facility *	21,586	21,586	-
<b>Unsecured</b>			
Corporate Bond	50,000	50,000	-
<b>Total facilities</b>	<b>114,177</b>	<b>83,706</b>	<b>30,471</b>

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

# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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YEAR ENDED 30 JUNE 2015

## 5 Interest bearing liabilities (continued)

### (d) Terms and conditions

PMP entered into a fully secured multi-currency \$35 million loan agreement in Nov 2014 replacing the previous \$210 million amortizing facility. This new facility is split between an Overdraft and a Revolving facility. As at 30 June 2015, this combined facility has amortized to a \$15 million facility. This facility has a maturity date of 31 March 2016. The lender is ANZ Banking Group. 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 and a minimum Fixed Charge Ratio. The facility is also subject to the warranties and conditions of the agreement during the term of it including a change of control clause.

PMP entered into a Euro 17 million export financing loan agreement in February 2013, secured against an offset rotary press. As at 30 June 2015, this loan was fully drawn and after amortisation payments had a balance of Euro 12.9 million. This facility has a maturity date of 30 September 2021 with semi-annual amortisations. The lender is Commerzbank AG.

PMP issued an unsecured \$50 million corporate bond on 23 October 2013. The bond has a fixed coupon of 8.75% per annum and a four year term. It is subject to a number of financial covenants, including the PMP Group being measured against a maximum Secured Debt/EBITDA ratio and a minimum EBITDA/Interest ratio. Capital Management restrictions also apply which limits payouts to 50% of NPAT pre-significant items.

### (e) Net debt

PMP has taken out a cross currency swap to exchange the Euro 12.9 million (2014: Euro 14.9 million) export financing loan's principal and floating Euro interest payments for an equally valued AUD loan and AUD interest payments. This loan has formed part of the overall PMP Group debt that is hedged to fixed rates. For the purposes of calculating PMP's net debt, the hedged fixed rate Australian obligation of the Euro loan of \$15.9 million (2014: \$18.3 million) has been used.

	PMP Group	
	2015	2014
	\$'000	\$'000
Cash	(49,529)	(28,745)
Corporate Bond - repayable in Australian dollars	50,000	50,000
Bank loans - repayable in New Zealand dollars	-	12,120
Bank loans - repayable in Euros - measured at the exchange rate prevailing at balance date	18,765	21,586
Cross currency swap revaluation - adjusted to measure the loan at the hedged fixed rate of the Australian obligation	(2,897)	(3,276)
Finance lease liabilities	-	18
<b>Net debt</b>	<b>16,339</b>	<b>51,703</b>

# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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## YEAR ENDED 30 JUNE 2015

### 6 Contributed equity

#### Issued and paid up capital

	NOTES	2015	2014	PMP Group	
		Number '000	Number '000	2015 \$'000	2014 \$'000
Movements in ordinary share capital:					
Balance as at 1 July - ordinary shares		323,781	323,781	356,035	356,035
<b>Balance at 30 June - ordinary shares</b>		<b>323,781</b>	<b>323,781</b>	<b>356,035</b>	<b>356,035</b>

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

### 7 Reserves

	NOTES	PMP Group	
		2015 \$'000	2014 \$'000
<b>Foreign currency translation reserve</b>			
Opening balance		10,037	3,887
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities		(3,419)	6,150
<b>Total foreign currency translation reserve</b>		<b>6,618</b>	<b>10,037</b>
<b>Share-based payment reserve</b>			
Opening balance		1,278	1,120
Movement in reserve relating to:			
- Share-based payment expense	2(c)	799	801
- Transfer to retained earnings		(198)	(443)
- Purchase of shares		(142)	(200)
<b>Total share-based payment reserve</b>		<b>1,737</b>	<b>1,278</b>
<b>Cash flow hedge reserve</b>			
Opening balance		(1,859)	2,427
Movement in reserve relating to:			
- Cash flow hedge		2,971	(6,068)
- Tax effect of cash flow hedge net (gain)/loss		(871)	1,782
<b>Total cash flow hedge reserve</b>		<b>241</b>	<b>(1,859)</b>
<b>Total reserves</b>		<b>8,596</b>	<b>9,456</b>

### 8 Dividends

No dividends were declared or paid for the year ended 30 June 2015 (2014: Nil)	-	-
<b>Total dividends declared</b>	<b>-</b>	<b>-</b>



## 9 Segmental information

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.

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 distribution businesses in Australia. New Zealand segment includes all businesses in New Zealand.

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

### Segment revenue and results

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

#### (a) Operating Segments

	PMP Australia (excl. G&G)		Gordon and Gotch Australia		New Zealand		Corporate		Elimination		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Revenue</b>												
Sales revenue	392,281	439,856	268,485	298,426	150,916	160,936	-	-	-	-	811,682	899,218
Other revenue	31	38	2,034	2,491	636	64	1,788	2,186	-	-	4,489	4,779
Significant items	-	4,399	-	-	3,667	-	-	3,793	-	(3,793)	3,667	4,399
Total segment revenue	392,312	444,293	270,519	300,917	155,219	161,000	1,788	5,979	-	(3,793)	819,838	908,396
Inter-segment revenue	-	-	-	-	-	-	-	(3,793)	-	3,793	-	-
Total revenue	392,312	444,293	270,519	300,917	155,219	161,000	1,788	2,186	-	-	819,838	908,396
* EBITDA before significant items	41,318	46,788	3,475	3,680	18,564	17,611	(5,258)	(4,666)	-	-	58,099	63,413
Depreciation and amortisation	(23,229)	(25,853)	(466)	(237)	(7,439)	(7,670)	(613)	(832)	-	-	(31,747)	(34,592)
EBIT before significant items	18,089	20,935	3,009	3,443	11,125	9,941	(5,871)	(5,498)	-	-	26,352	28,821
Significant items before income tax	(8,360)	(6,331)	(66)	(3,992)	2,807	(943)	(319)	2,613	-	-	(5,938)	(8,653)
<b>Segment EBIT after significant items</b>	<b>9,729</b>	<b>14,604</b>	<b>2,943</b>	<b>(549)</b>	<b>13,932</b>	<b>8,998</b>	<b>(6,190)</b>	<b>(2,885)</b>	<b>-</b>	<b>-</b>	<b>20,414</b>	<b>20,168</b>
Significant items - Finance costs												
Finance costs											(35)	(443)
Consolidated entity profit before income tax											(8,803)	(11,634)
Income tax expense											11,576	8,091
<b>Net profit after income tax</b>											<b>(3,591)</b>	<b>(4,689)</b>
											<b>7,985</b>	<b>3,402</b>

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

# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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## 9 Segmental information (continued)

### (b) Significant items by operating segments

	PMP Australia (excl. G&G)		Gordon and Gotch Australia		New Zealand		Corporate		Elimination		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Significant items of revenue</b>												
Gain on disposal of plant and equipment, and non-current assets classified as held for sale	-	420	-	-	17	-	-	-	-	-	17	420
Gain on disposal of property	-	3,979	-	-	3,650	-	-	-	-	-	3,650	3,979
Inter-segment debt forgiveness	-	-	-	-	-	-	-	3,793	-	(3,793)	-	-
<b>Total segment significant items of revenue</b>	-	4,399	-	-	3,667	-	-	3,793	-	(3,793)	3,667	4,399
<b>Significant items of expense</b>												
Restructure initiatives and other one off costs	(7,773)	(10,730)	(66)	(199)	(860)	(943)	(319)	(1,180)	-	-	(9,018)	(13,052)
Loss on disposal of plant and equipment	(4)	-	-	-	-	-	-	-	-	-	(4)	-
Impairment of plant and equipment due to restructure initiatives	(583)	-	-	-	-	-	-	-	-	-	(583)	-
Inter-segment debt forgiveness	-	-	-	(3,793)	-	-	-	-	-	3,793	-	-
<b>Total segment significant items of expense</b>	(8,360)	(10,730)	(66)	(3,992)	(860)	(943)	(319)	(1,180)	-	3,793	(9,605)	(13,052)
<b>Total segment significant items before income tax</b>	(8,360)	(6,331)	(66)	(3,992)	2,807	(943)	(319)	2,613	-	-	(5,938)	(8,653)
<b>Significant items - finance costs</b>												
Finance costs	-	-	-	-	-	-	(35)	(443)	-	-	(35)	(443)
<b>Total significant items - finance costs</b>	-	-	-	-	-	-	(35)	(443)	-	-	(35)	(443)



# Notes to the consolidated financial statements

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## 9 Segmental information (continued)

### (c) Other segment information

#### Geographic Segments

	Australia		New Zealand		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sales revenue	660,766	738,282	150,916	160,936	811,682	899,218
Other revenue	3,853	4,715	636	64	4,489	4,779
Significant items	-	4,399	3,667	-	3,667	4,399
<b>Total revenue</b>	<b>664,619</b>	<b>747,396</b>	<b>155,219</b>	<b>161,000</b>	<b>819,838</b>	<b>908,396</b>
<b>Non-current assets (excluding deferred tax assets and post employment benefit assets)</b>	<b>156,300</b>	<b>174,671</b>	<b>54,041</b>	<b>65,999</b>	<b>210,341</b>	<b>240,670</b>



# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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## YEAR ENDED 30 JUNE 2015

### 10 Earnings per share

	2015 Number '000	2014 Number '000
<b>(a) Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	323,781	323,781
Weighted average number of shares used in the calculation of diluted earnings per share	323,781	323,781
<b>(b) Earnings</b>		
	2015 \$'000	2014 \$'000
Net profit after income tax	7,985	3,402
Profit used in calculating basic and diluted earnings per share	7,985	3,402

# Notes to the consolidated financial statements

PMP Limited and its controlled entities  
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YEAR ENDED 30 JUNE 2015		NOTES	PMP Group	
			2015 \$'000	2014 \$'000
11 Cash flow statement notes				
(a) Reconciliation of cash flow from operating activities to operating profit after income tax				
Operating profit after income tax			7,985	3,402
Adjustments for non-cash items:				
Depreciation	2(e)		30,968	33,948
Amortisation	2(e)		779	644
Impairment of plant, equipment, goodwill and intangibles	2(b), 2(c)		583	-
Provision for doubtful debts/bad debts written off			1,115	(994)
Movement in provision for tax			(7)	(1)
Net gain on disposal of property, plant and equipment	2(a), 2(c)		(3,639)	(4,298)
Share-based payment plans	2(c)		799	801
Non cash superannuation expense			251	502
Other non cash items			(5,643)	6,592
Change in assets and liabilities:				
Accounts receivable	Decrease/(Increase)		7,407	10,049
Inventories	Decrease/(Increase)		5,279	5,662
Liabilities	(Decrease)/Increase		(20,500)	(23,474)
Non-current assets	Decrease/(Increase)		5,374	5,295
Provision for employee benefits	(Decrease)/Increase		(349)	(1,822)
Prepayments	Decrease/(Increase)		2,757	(762)
Net cash flow from operating activities			33,159	35,544

## (b) Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	PMP Group	
	2015 \$'000	2014 \$'000
Cash and cash equivalents	49,529	28,745
<b>Total cash and cash equivalents</b>	<b>49,529</b>	<b>28,745</b>



# Notes to the consolidated financial statements

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## YEAR ENDED 30 JUNE 2015

### 12 Fair value measurement of financial instruments

The fair value measurement principles adopted in this report are consistent with those applied in the PMP Limited Annual Report for the year ended 30 June 2015.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition of fair value, grouped into Level(s) 1 to 3 based on the degree to which the fair value is observable:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data

	As at 30 June 2015			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial assets being hedge accounted</b>				
Forward foreign exchange contracts	-	1,787	-	1,787
Cross Currency Swaps	-	2,423	-	2,423
<b>Financial liabilities at fair value through profit or loss</b>				
Interest Rate Swaps	-	(122)	-	(122)
Total financial derivatives	-	4,088	-	4,088

	As at 30 June 2014			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial assets being hedge accounted</b>				
Cross Currency Swaps	-	2,574	-	2,574
<b>Financial liabilities being hedge accounted</b>				
Forward foreign exchange contracts	-	(2,663)	-	(2,663)
<b>Financial liabilities at fair value through profit or loss</b>				
Interest Rate Swaps	-	(406)	-	(406)
Total financial derivatives	-	(495)	-	(495)

# Notes to the consolidated financial statements

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## YEAR ENDED 30 JUNE 2015

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### 13 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.

### 14 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.