PMP Limited
ABN 39 050 148 644

Preliminary final report of PMP Limited
for the year ended 30 June 2014

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 2014
Previous corresponding period:	Financial year ended 30 June 2013

Contents | Page

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

PMP Limited

ABN 39 050 148 644

Preliminary final report

for the year ending 30 June 2014

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)	(7.8%)	to	899,218
Revenue	up/(down)	(10.0%)	to	908,396
EBIT (including significant items)	up/(down)	-	to	20,168
EBIT (excluding significant items)	up/(down)	(14.7%)	to	28,821
Net result for the year	up/(down)	-	to	3,402

Dividends (Distributions)

No dividends were declared or paid during the year ended 30 June 2014 (2013: Nil).

Brief explanation of financial results

For the year ended 30th June 2014, PMP's EBIT (before significant items) was $28.8 million a 14.7% or $5.0 million reduction on the prior period (as restated*) due in part to $4.1 million additional property rental expense from the property sale and leaseback programme. Cash interest paid fell $6.5 million from $18 million to $11.5 million. Net profit after tax at $3.4 million is $73.6 million better than prior year's loss primarily due to $76.1 million lower significant items.

PMP New Zealand performed well with higher sales in Distribution and sheet-fed and further cost reductions offsetting a tough heatset print market. Gordon & Gotch EBIT (before significant items) was up $2.3 million vs last year on strong cost restructuring and Corporate costs fell $2.2 million.

PMP Australia benefited with Distribution volumes up 10.0% and higher profits at Griffin Press from contract retention/wins and cost savings. Further transformation savings, cost controls and lower lease costs at Chullora and Digital were offset by lower Directory print volumes and lower heatset sell prices. There was an additional $4.1 million of property rent and the sale of Pacific Micromarketing reduced earnings while catalogue volumes fell 3% in a softer retail market

Cashflow from operations at $35.5 million was $27.9 million higher vs last year due to lower significant items (down $30.0 million) and reduced interest paid (down $6.5 million vs prior year) were partially offset by lower EBITDA (pre significant items). Net debt at $51.7 million was $37.4 million lower than prior year with net debt to EBITDA (before significant items) down from 1.2x to 0.8x and interest cover up from 4.7x to 5.1x.

In October 2013, a 4 year unsecured Corporate bond was issued for $50.0 million with the proceeds used to repay existing debt. The Australian property sale and leaseback programme was completed with the sale and leaseback of the remaining portion of the Clayton site in Victoria for $7.6 million with a profit of $4.0 million.

* Last year's EBIT of $34.4 million has been restated down by $0.6 million to $33.8 million after the adoption of AASB 119 Employee Benefits and net profit after tax was restated from $14.8 million to $14.3 million.

Net tangible assets per security

	2014 $	2013 $
Net tangible assets per security	0.73	0.72

Details of entities over which control has been gained or lost

There are no entities within the consolidated group over which control has been gained or lost during the period.

Information on audit

This report is based upon accounts that are in the process of being audited.
There are no likely disputes or qualifications to the accounts.

Statement of profit or loss and other comprehensive income

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014	NOTES	PMP Group 2014 $'000	2013 (Restated)* $'000
Continuing operations			
Sales revenue	2(a), 9	**899,218**	975,810
Other revenue	2(a), 9	**9,178**	33,118
Raw materials and consumables used		**(233,733)**	(239,249)
Cost of finished goods sold		**(285,190)**	(309,111)
Employee expenses		**(244,549)**	(298,310)
Outside production services		**(23,359)**	(23,293)
Freight		**(17,526)**	(22,303)
Repairs and maintenance		**(14,990)**	(16,303)
Occupancy costs		**(18,092)**	(26,151)
Other expenses		**(16,197)**	(91,286)
Depreciation and amortisation	2(e), 9	**(34,592)**	(37,803)
Finance costs	3	**(12,077)**	(13,714)
Share of (losses)/profits of jointly controlled entity		**-**	(20)
Profit/(Loss) before income tax	2(c)	**8,091**	(68,615)
Income tax expense:			
Current tax benefit/(expense) in respect of the current period		**(567)**	12,127
Deferred tax (expense)/benefit relating to the current period		**(4,122)**	(13,684)
Income tax expense	4	**(4,689)**	(1,557)
Net profit/(loss) after income tax		**3,402**	(70,172)
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains		**443**	516
Income tax relating to items that will not be reclassified subsequently		**(133)**	(155)
		310	361
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**6,150**	2,428
Gain/(loss) on cash flow hedges taken to equity		**(6,068)**	6,388
Income tax relating to items that may be reclassified subsequently		**1,782**	(1,903)
		1,864	6,913
Other comprehensive income for the period (net of tax)		**2,174**	7,274
Total comprehensive profit/(loss) for the year		**5,576**	(62,898)
Basic earnings per share (cents)	10	**1.1**	(21.7)
Diluted earnings per share (cents)	10	**1.1**	(21.7)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share ('000)	10(a)	**323,781**	323,781

(a) Significant items included within profit/(loss) before finance costs and income tax ("EBIT")	2(b)	**(8,653)**	(88,681)
(b) Significant items included within finance costs	2(b)	**(443)**	177
Total significant items		**(9,096)**	(88,504)
EBIT excluding significant items		**28,821**	33,780

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

Statement of financial position

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014	NOTES	PMP Group 2014 $'000	2013 (Restated)* $'000
Current assets			
Cash and cash equivalents	11(b)	**28,745**	21,211
Receivables		**85,125**	96,169
Inventories		**75,048**	80,710
Financial assets		**-**	5,740
Other		**9,359**	8,597
		198,277	212,427
Non-current assets classified as held for sale		**4,136**	7,952
Total current assets		**202,413**	220,379
Non-current assets			
Property, plant and equipment		**207,393**	233,425
Deferred tax assets		**58,197**	62,074
Goodwill and intangible assets		**28,415**	26,541
Financial assets		**2,610**	2,527
Other		**3,626**	4,262
Total non-current assets		**300,241**	328,829
Total assets		**502,654**	549,208
Current liabilities			
Payables		**120,825**	138,897
Interest bearing liabilities - financial institutions	5(a)	**15,017**	32,848
Income tax payable		**20**	21
Financial liabilities		**2,961**	1,096
Provisions		**25,112**	25,155
Total current liabilities		**163,935**	198,017
Non-current liabilities			
Interest bearing liabilities - financial institutions	5(b)	**68,708**	80,470
Deferred tax liabilities		**2,535**	4,068
Financial liabilities		**144**	632
Provisions		**2,539**	7,405
Total non-current liabilities		**73,926**	92,575
Total liabilities		**237,861**	290,592
Net assets		**264,793**	258,616
Equity			
Contributed equity	6	**356,035**	356,035
Reserves	7	**9,456**	7,434
Accumulated losses		**(100,698)**	(104,853)
Total equity		**264,793**	258,616

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

Statement of cash flows

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014	NOTES	PMP Group 2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		**1,008,230**	1,088,108
Payments to suppliers and employees		**(961,277)**	(1,061,495)
Interest rate swap close out costs		**(443)**	(1,291)
Interest received		**253**	267
Interest and other costs of finance paid		**(11,499)**	(17,976)
Income tax received/(paid)		**280**	(17)
Net cash flow from operating activities	11(a)	**35,544**	7,596
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,765)**	(23,678)
Proceeds from sale of property, plant and equipment		**10,187**	69,606
Payments for development costs and licences		**(443)**	(93)
Proceeds from sale of business		**537**	5,179
Net cash flow provided by investing activities		**5,516**	51,014
Cash flows from financing activities			
Proceeds from borrowings		**50,000**	-
Repayments of borrowings		**(84,140)**	(49,522)
Payment of finance lease liabilities		**(51)**	(89)
Net cash flow used in financing activities		**(34,191)**	(49,611)
Net increase in cash held		**6,869**	8,999
Cash at the beginning of the financial year		**21,211**	11,703
Effects of exchange rate changes on cash		**665**	509
Cash at the end of the financial year	11(b)	**28,745**	21,211

Statement of changes in equity

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014

	Attributable to equity holders of PMP Limited					
	Contributed equity $'000	Accumulated losses (restated)* $'000	Foreign currency translation reserve (restated)* $'000	Share-based payment reserve $'000	Cash flow hedge reserve $'000	Total equity (restated)* $'000
PMP Group						
At 1 July 2012	356,035	(35,042)	1,459	1,120	(2,058)	321,514
Currency translation differences*	-	-	2,428	-	-	2,428
Cash flow hedges (net of tax)	-	-	-		4,485	4,485
Defined benefit plan (net of tax)*	-	361	-	-	-	361
Total income/(expense) recognised directly in equity	-	361	2,428	-	4,485	7,274
Loss for the year*	-	(70,172)	-	-	-	(70,172)
Total comprehensive (expense) /income for the year	-	(69,811)	2,428	-	4,485	(62,898)
Share-based payments	-	-	-	-	-	-
At 30 June 2013	356,035	(104,853)	3,887	1,120	2,427	258,616
At 1 July 2013	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
At 30 June 2014	**356,035**	**(100,698)**	**10,037**	**1,278**	**(1,859)**	**264,793**

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

Notes to the consolidated financial statements

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 2013 financial report of PMP Limited together with any public announcements made by PMP Limited during the financial year ended 30 June 2014.

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').

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 2014.

1 Summary of significant accounting policies (continued)

PMP Group, applies for the first time, certain standards and amendments that apply retrospectively and require restatement of previous financial statements.

Changes in accounting policies

Employee Benefits
The PMP Group adopted AASB 119 Employee Benefits (revised) from 1 July 2013. The revised standard includes changes to the recognition of income and expenses associated with the PMP Group's defined superannuation plan. Under the revised standard, return on plan assets has been calculated based on the rate used to discount the obligations rather than the expected rate of return on these assets. Furthermore, the discount rate applied has changed from a net discount rate to a gross tax discount rate.

The PMP Group has obtained actuarial assessments and applied amendments resulting in a $218,000 increase in loss after tax ($312,000 before tax) for the financial year ended 30 June 2013, $291,000 increase in the defined benefit asset, increase in deferred tax liabilities of $87,000 and an increase of $422,000 in other comprehensive income.

In addition, the revised standard requires discounting of annual leave provisions for balances which are not expected to be utilised within 12 months. This change which has been applied retrospectively has resulted in a $211,000 increase in loss after tax ($301,000 before tax) for the financial year ended 30 June 2013, a $536,000 decrease in the provision for annual leave, a $158,000 decrease in deferred tax assets, a $5,000 increase in foreign currency translation reserve and an increase of $584,000 in other comprehensive income.

As a result of the above revision there has been a (0.2) cent change in earnings per share for the financial year ended 30 June 2013.

Fair value measurement
AASB 13 Fair value measurement requires inclusion of a measure for credit risk in the calculations of assets and liabilities recorded at fair value. This standard has not had a significant impact on any of the amounts recognised in the financial statements.

Control, joint arrangements and interest in other entities
The following standards have been adopted by the PMP Group for the first time for the year ended 30 June 2014:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements; and
- AASB 12 Disclosure of Interests in Other Entities
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangement Standards; and
- AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

1 Summary of significant accounting policies (continued)

AASB 10 Consolidated Financial Statements provides a single consolidation model for all entities, based on control, and irrespective of the nature of the investee. The definition of control is focused on power over the investee and the ability to use this power to affect returns from the entity, whether obtained through voting rights or some other contractual arrangement.

AASB 11 Joint Arrangements provides a new definition of joint venture and joint operation and removes optionality around accounting for joint arrangements. Joint ventures are defined by a right to net profit and net assets of the joint arrangement and are required to be equity accounted. Joint operations are defined by a right to assets and obligations for liabilities of the joint arrangements. Share of assets, liabilities, revenues and expenses of joint operations are proportionately consolidated.

AASB 12 Disclosure of Interests in Other Entities requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effect of those interests on financial position, financial performance and cashflows.

There has been no change in accounting for existing arrangements for the year ended 30 June 2014 as a result of applying these standards. However, should any arrangements take place which change existing interests or create new interests in controlled entities, the accounting for such transactions may be different to that applied to transactions in the past.

Standards and interpretations issued not yet adopted

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 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
- AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
- AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities' (2013)	1 January 2014	30 June 2015
- AASB 2013-3 'Amendments to AASB 135 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
- AASB 2013-4 'Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
- AASB 2013-5 'Amendments to Australian Accounting Standards - Investment Entities	1 January 2014	30 June 2015
- AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments	1 January 2014	30 June 2015
- INT 21 'Levies'	1 January 2014	30 June 2015

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. The Group has not yet assessed its impact and has not yet decided when to adopt AASB 9.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
- Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
- Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015
- IFRS 15 Revenue from contracts with customers	1 July 2017	30 June 2018

1 Summary of significant accounting policies (continued)

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.

(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.

PMP incurred tax losses in both the 2013 and 2014 financial years due to the transformation plan where the Company incurred significant redundancy costs. 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 $15.8 million of tax losses (equating to the $13.2 million 2013 and forecast $2.6 million 2014 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 $35 million, attributable to tax losses, is supportable given the level of redundancy costs incurred in the previous two years are not expected to re-occur and PMP expects to be earning future tax profits from the 2016 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 $8.5 million, attributable to tax losses (which were partly recouped this year), are also expected to be fully recouped over a period of 3 to 4 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.

(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.

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014	NOTES	PMP Group 2014 $'000	2013 $'000
2a Revenue			
Sales revenue		**899,218**	975,810
Included in profit/(loss) before income tax are the following items of other revenue:			
Other income - external		**2,968**	3,593
Rental income		**1,647**	2,090
Net gain on disposal of business	2(c),12	**-**	5,885
Net gain on disposal of property	2(b), 2(c)	**3,979**	21,033
Net gain on disposal of plant and equipment	2(c)	**319**	250
Interest			
Bank interest	3	**265**	267
Total other revenue		**9,178**	33,118
Total revenue	9	**908,396**	1,008,928

	2014 $'000	2013 $'000
2b Significant items		
Included in net profit/(loss) after income tax are the following significant items of revenue and expense:		
Gain on disposal of property *	**(3,979)**	(21,033)
Gain on disposal of business and fixed assets	**-**	(5,885)
Net gain on disposal of plant and equipment and assets classified as held for sale	**(420)**	(332)
Directories' closure costs	**-**	18,114
Restructure initiatives and other one off costs	**13,052**	31,956
Impairment of plant, equipment, intangibles and goodwill due to restructure initiatives	**-**	65,861
Finance cost interest rate swap unwind	**-**	(177)
Write off of prepaid finance costs	**443**	-
Aggregate significant items (included in profit/(loss) before interest and tax)	**9,096**	88,504
Tax benefit associated with significant items	**2,969**	13,688
Tax losses not brought to account	**(2,649)**	(13,206)
Use of capital gains tax losses not previously recognised	**411**	3,531
Tax benefit	**731**	4,013

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

	2014 $'000	2013 $'000
Other revenue	**(4,399)**	(27,250)
Employee expenses	**10,751**	37,164
Repairs and maintenance	**111**	209
Occupancy costs	**763**	7,980
Other expenses **	**1,427**	70,578
Finance costs	**443**	(177)
	9,096	88,504

* Gain on disposal of property is related to sale and lease-back transactions.
** Other expenses in the 2013 financial year, included a goodwill impairment of $56.0 million.

YEAR ENDED 30 JUNE 2014	NOTES	PMP Group 2014 $'000	2013 $'000
2c Profit/(Loss) before income tax			
Profit/(Loss) before income tax is arrived at after charging/(crediting) the following items:			
Lease rental expenses - operating leases		**20,997**	18,037
Net foreign exchange loss/(gain)		**(175)**	11
Share-based payment plans	7	**801**	-
Net gain on disposal of business	2(a)	**-**	(5,885)
Net gain on disposal of property, plant and equipment	2(a)	**4,298**	(21,283)
Impairment of goodwill, intangibles, plant and equipment	2(b)	**-**	65,861
Bad debt written off		**599**	1,713

		2014 $	2013 $
2d Auditors' remuneration			
Auditing the accounts			
Chief entity auditors:	Deloitte Touche Tohmatsu	**400,814**	389,239
Other services			
Deloitte Touche Tohmatsu:	- Taxation and related advisory services	**146,191**	231,852
	- Consulting services	**-**	5,250
Total auditors' remuneration		**547,005**	626,341

	2014 $'000	2013 $'000
2e Depreciation and amortisation		
Depreciation		
Freehold buildings	**27**	1,571
Leasehold improvements	**949**	1,298
Plant and equipment	**32,928**	34,056
Leased plant and equipment	**44**	73
Total depreciation	**33,948**	36,998
Amortisation		
Development and licence costs	**644**	805
Total amortisation	**644**	805
Total depreciation and amortisation	**34,592**	37,803

		2014 $'000	2013 $'000
3 Finance costs			
Interest expense:			
- Bank loans and overdraft		**12,378**	14,968
- Unwind of discount on long term provisions		**11**	107
- Finance lease charges		**5**	12
Total interest expense		**12,394**	15,087
Write off of prepaid finance costs	2(b)	**443**	-
Gain/loss on interest rate swaps - unrealised		**(757)**	(1,196)
Gain/loss on swaps closed out - realised		**(446)**	(1,468)
Interest rate swap close out costs		**443**	1,291
Total finance costs		**12,077**	13,714
Interest income	2(a)	**(265)**	(267)
Net finance costs		**11,812**	13,447

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014	PMP Group 2014 $'000	2013 $'000
4 Income tax		
(a) Reconciliation of income tax expense/(benefit)		
Profit/(Loss) before income tax *	**8,091**	(68,615)
Prima facie income tax expense/(benefit) thereon at 30% (2013: 30%) *	**2,427**	(20,585)
Tax effect of timing and other differences:		
Non assessable income	**(800)**	(3,980)
Capital gains tax losses not previously recognised	**(411)**	(3,531)
Effect of differences in overseas tax rate	**(119)**	(40)
Income tax (over)/under provided in previous year	**(147)**	(596)
Non deductible items for tax purposes	**1,090**	17,083
Benefit of tax losses not brought to account	**2,649**	13,206
Income tax expense attributable to profit/(loss) *	**4,689**	1,557
Major component of income tax expense/(benefit):		
Current tax (benefit)/expense	**567**	(12,127)
Deferred tax expense/(benefit) *	**4,122**	13,684
Income tax expense attributable to profit/(loss) *	**4,689**	1,557

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

(b) Deferred tax assets and deferred tax liabilities

At 30 June 2014 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 (2013: $nil).

(c) Franking credits	2014 $'000	2013 $'000
The amount of franking credits available are:		
Franking account balance as at the end of the financial year at 30% (2013: 30%) *	**1,280**	1,580
Franking account balance	**1,280**	1,580

*In the 30 June 2014 financial year PMP applied for and received a cash refund of $0.3 million relating to prior years under the tax loss carry back legislation . Having received the refund the franking credits were reduced by $0.3 million.

(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	52,850	15,855
Capital losses	284,088	85,226

The benefit of these revenue losses has not been brought to account as realisation is not probable within 7-8 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
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014		PMP Group 2014 $'000	2013 $'000
5 Interest bearing liabilities			
(a) Current interest bearing liabilities - financial institutions			
Secured			
Bank loans - repayable in:	Australian dollars	**-**	30,000
Bank loans - repayable in:	New Zealand dollars	**12,120**	-
Bank loans - repayable in:	Euros*	**2,878**	2,797
Finance lease liabilities (secured over the leased assets)		**19**	51
Total current interest bearing liabilities - financial institutions		**15,017**	32,848
(b) Non-current interest bearing liabilities - financial institutions			
Secured			
Bank loans - repayable in:	Australian dollars	**-**	20,000
Bank loans - repayable in:	New Zealand dollars	**-**	39,473
Bank loans - repayable in:	Euros*	**18,708**	20,979
Finance lease liabilities (secured over the leased assets)		**-**	18
Unsecured			
Corporate bond		**50,000**	-
Total non-current interest bearing liabilities - financial institutions		**68,708**	80,471

* Represents Euro denominated loan of 14.9 million (2013: Euro 17.0 million) measured at the exchange rate prevailing at balance date.

(c) Interest bearing liabilities - facility details

Facility details:	Facility $'000s	Drawn $'000s	Available $'000s
2014			
Secured			
Overdraft facility	**14,662**	**-**	**14,662**
Revolving facility	**27,929**	**12,120**	**15,809**
Export finance facility *	**21,586**	**21,586**	**-**
Unsecured			
Corporate Bond	**50,000**	**50,000**	**-**
Total facilities	**114,177**	**83,706**	**30,471**
2013			
Secured			
Overdraft facility	**14,199**	**-**	**14,199**
Revolving facility	**115,000**	**89,473**	**25,527**
Export finance facility *	**23,776**	**23,776**	**-**
Unsecured			
Corporate Bond	**-**	**-**	**-**
Total facilities	152,975	113,249	39,726

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

5 Interest bearing liabilities (continued)

(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 2014 this has amortised to a $28 million facility. This facility has a maturity date of 10 September 2015. The lenders are ANZ and CBA. 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 2014, this loan was fully drawn and after amortisation payments had a balance of Euro 14.9 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.

(e) Net debt

PMP has taken out a cross currency swap to exchange the Euro 14.9 million (2013: 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 $18.3 million (2013: $20.8 million) has been used.

	PMP Group	
	2014 $'000	2013 $'000
Cash	**(28,745)**	(21,211)
Bank loans - repayable in Australian dollars	**-**	50,000
Corporate Bond - repayable in Australian dollars	**50,000**	-
Bank loans - repayable in New Zealand dollars	**12,120**	39,473
Bank loans - repayable in Euros - measured at the exchange rate prevailing at balance date	**21,586**	23,776
Cross currency swap revaluation - adjusted to measure the loan at the hedged fixed rate of the Australian obligation	**(3,276)**	(3,025)
Finance lease liabilities	**18**	69
Net debt	**51,703**	89,082

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014

6 Contributed equity

Issued and paid up capital

	NOTES	PMP Group 2014 Number '000	2013 Number '000	2014 $'000	2013 $'000
Balance as at 1 July - ordinary shares		**323,781**	323,781	**356,035**	356,035
Balance at 30 June - ordinary shares		**323,781**	323,781	**356,035**	356,035

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 2014 $'000	2013 $'000
Foreign currency translation reserve			
Opening balance		**3,887**	1,459
Movement in reserve relating to:			
- Exchange fluctuation on translation of overseas controlled entities *		**6,150**	2,428
Total foreign currency translation reserve*		**10,037**	3,887
Share-based payment reserve			
Opening balance		**1,120**	1,120
Movement in reserve relating to:			
- Share-based payment expense	2(c)	**801**	-
- Transfer to retained earnings		**(443)**	-
- Purchase of shares		**(200)**	-
Total share-based payment reserve		**1,278**	1,120
Cash flow hedge reserve			
Opening balance		**2,427**	(2,058)
Movement in reserve relating to:			
- Cash flow hedge		**(6,068)**	6,388
- Tax effect of cash flow hedge net (gain)/loss		**1,782**	(1,903)
Total cash flow hedge reserve		**(1,859)**	2,427
Total reserves*		**9,456**	7,434

8 Dividends

	2014	2013
No dividends were declared or paid during the year ended 30 June 2014 (2013: Nil)	**-**	-
Total dividends	**-**	-

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

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 revenues 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**	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	Restated 2013* $'000	**2014 $'000**	2013 $'000	**2014 $'000**	Restated 2013* $'000
Revenue												
Sales revenue	**439,856**	493,583	**298,426**	323,430	**160,936**	158,797	**-**	-	**-**	-	**899,218**	975,810
Other revenue	**38**	1,089	**2,491**	3,032	**64**	426	**2,186**	1,729	**-**	(408)	**4,779**	5,868
Significant items	**4,399**	21,365	**-**	-	**-**	245	**3,793**	9,446	**(3,793)**	(3,806)	**4,399**	27,250
Total segment revenue	**444,293**	516,037	**300,917**	326,462	**161,000**	159,468	**5,979**	11,175	**(3,793)**	(4,214)	**908,396**	1,008,928
Inter-segment revenue	**-**	(408)	**-**	-	**-**	-	**(3,793)**	(3,806)	**3,793**	4,214	**-**	-
Total revenue	**444,293**	515,629	**300,917**	326,462	**161,000**	159,468	**2,186**	7,369	**-**	-	**908,396**	1,008,928
~ EBITDA before significant items*	**46,788**	59,958	**3,680**	1,351	**17,611**	16,898	**(4,666)**	(6,624)	**-**	-	**63,413**	71,583
Depreciation and amortisation	**(25,853)**	(29,354)	**(237)**	(209)	**(7,670)**	(7,189)	**(832)**	(1,051)	**-**	-	**(34,592)**	(37,803)
EBIT before significant items*	**20,935**	30,604	**3,443**	1,142	**9,941**	9,709	**(5,498)**	(7,675)	**-**	-	**28,821**	33,780
Significant items	**(6,331)**	(93,412)	**(3,992)**	(699)	**(943)**	(2,310)	**2,613**	7,740	**-**	-	**(8,653)**	(88,681)
Segment EBIT after significant items*	**14,604**	(62,808)	**(549)**	443	**8,998**	7,399	**(2,885)**	65	**-**	-	**20,168**	(54,901)
Significant items - Finance costs											**(443)**	177
Finance costs											**(11,634)**	(13,891)
Consolidated entity profit/(loss) before income tax*											**8,091**	(68,615)
Income tax expense *											**(4,689)**	(1,557)
Net profit/(loss) after income tax*											**3,402**	(70,172)

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

*: On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

YEAR ENDED 30 JUNE 2014

9 Segmental information (continued)

(b) Significant items by operating segments

	PMP Australia (excl. G&G)		Gordon and Gotch		New Zealand		Corporate		Elimination		Consolidated	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Significant items of revenue												
Gain on disposal of plant, equipment and assets classified as held for sale	**420**	332	**-**	-	**-**	-	**-**	-	**-**	-	**420**	332
Gain on disposal of business and fixed assets	**-**	-	**-**	-	**-**	245	**-**	5,640	**-**	-	**-**	5,885
Gain on disposal of property	**3,979**	21,033	**-**	-	**-**	-	**-**	-	**-**	-	**3,979**	21,033
Inter-segment debt forgiveness	**-**	-	**-**	-	**-**	-	**3,793**	3,806	**(3,793)**	(3,806)	**-**	-
Total segment significant items of revenue	**4,399**	21,365	**-**	-	**-**	245	**3,793**	9,446	**(3,793)**	(3,806)	**4,399**	27,250
Significant items of expense												
Directories' closure costs	**-**	(18,114)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(18,114)
Restructure initiatives and other one off costs	**(10,730)**	(27,584)	**(199)**	(699)	**(943)**	(1,967)	**(1,180)**	(1,706)	**-**	-	**(13,052)**	(31,956)
Impairment of plant, equipment, intangibles and goodwill due to restructure initiatives	**-**	(65,273)	**-**	-	**-**	(588)	**-**	-	**-**	-	**-**	(65,861)
Impairment of plant and equipment held for sale to fair value less costs to sell	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Inter-segment debt forgiveness	**-**	(3,806)	**(3,793)**	-	**-**	-	**-**	-	**3,793**	3,806	**-**	-
Total segment significant items of expense	**(10,730)**	(114,777)	**(3,992)**	(699)	**(943)**	(2,555)	**(1,180)**	(1,706)	**3,793**	3,806	**(13,052)**	(115,931)
Total segment significant items before income tax	**(6,331)**	(93,412)	**(3,992)**	(699)	**(943)**	(2,310)	**2,613**	7,740	**-**	-	**(8,653)**	(88,681)
Significant items - finance costs												
Finance costs	**-**	-	**-**	-	**-**	291	**(443)**	(114)	**-**	-	**(443)**	177
Total significant items - finance costs	**-**	-	**-**	-	**-**	291	**(443)**	(114)	**-**	-	**(443)**	177

9 Segmental information (continued)

(c) Other segment information

Geographic Segments

	Australia		New Zealand		Consolidated	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Sales revenue	**738,282**	817,013	**160,936**	158,797	**899,218**	975,810
Other revenue	**4,715**	5,442	**64**	426	**4,779**	5,868
Significant items	**4,399**	27,005	**-**	245	**4,399**	27,250
Total revenue	**747,396**	849,460	**161,000**	159,468	**908,396**	1,008,928
Non-current assets (excluding deferred tax assets and post employment benefit assets)	**174,671**	204,514	**65,999**	61,649	**240,670**	266,163

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014

10 Earnings per share

	2014 Number '000	2013 Number '000
(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**	323,781
Effect of dilutive securities:		
Share rights*	**-**	-
Weighted average number of shares used in the calculation of diluted earnings per share	**323,781**	323,781

*: The weighted average number of exercised/lapsed share rights included is nil (2013: nil).

11,861,492 rights outstanding as at 30 June 2014 are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2014 (2013: 12,143,766). These rights could potentially dilute basic earnings per share in the future.

(b) Earnings

	2014 $'000	2013 (Restated)* $'000
Net profit/(loss) after income tax	**3,402**	(70,172)
Profit/(Loss) used in calculating basic and diluted earnings per share	**3,402**	(70,172)

*: On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

Notes to the consolidated financial statements

PMP Limited and its controlled entities
ABN 39 050 148 644

YEAR ENDED 30 JUNE 2014		NOTES	PMP Group 2014 $'000	2013 $'000
11 Cash flow statement notes				
(a) Reconciliation of cash flow from operating activities to operating profit/(loss) after income tax				
Operating profit/(loss) after income tax *			**3,402**	(70,172)
Adjustments for non-cash items:				
Depreciation		2(e)	**33,948**	36,998
Amortisation		2(e)	**644**	805
Impairment of plant, equipment, goodwill and intangibles		2(b), 2(c)	**-**	65,861
Provision for doubtful debts/bad debts written off			**(994)**	(585)
Movement in provision for tax			**(1)**	(42)
Gain on disposal of business		2(a), 2(c)	**-**	(5,885)
Net gain on disposal of property, plant and equipment		2(a), 2(c)	**4,298**	(21,283)
Share-based payment plans			**801**	-
Non cash superannuation expense *			**502**	747
Other non cash items *			**(2,004)**	(2,309)
Change in assets and liabilities:				
Accounts receivable	Decrease/(Increase)		**10,049**	10,758
Inventories	(Increase)/Decrease		**5,662**	(3,455)
Liabilities*	Increase/(Decrease)		**(23,474)**	7,397
Non-current assets*	(Increase)/Decrease		**5,295**	(400)
Provision for employee benefits*	(Decrease)/Increase		**(1,822)**	(8,909)
Prepayments	(Increase)/Decrease		**(762)**	(1,930)
Net cash flow from operating activities			**35,544**	7,596

* On 1 July 2013, PMP Limited adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the year ended 30 June 2013. Refer to Changes in Accounting Policies.

(b) Reconciliation of cash

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

	PMP Group 2014 $'000	2013 $'000
Cash	**28,745**	21,211
Total cash	**28,745**	21,211

12 Sale of business

2014

No sale of business occurred during the year ended 30 June 2014.

2013

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 were as follows:

	2013 $'000
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 was deferred for twelve months. The amount was 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 was received in full in January 2014.

YEAR ENDED 30 JUNE 2014

13 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 2013.

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 from 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 are unobservable for the asset or liability

	As at 30 June 2014			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets being hedge accounted				
Forward foreign exchange contracts	-	-	-	-
Cross Currency Swaps	-	2,574	-	2,574
Total	-	2,574	-	2,574
Financial liabilities being hedge accounted				
Forward foreign exchange contracts	-	2,663	-	2,663
Financial liabilities at fair value through profit or loss				
Interest Rate Swaps	-	406	-	406
Total	-	3,069	-	3,069

	As at 30 June 2013			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets being hedge accounted				
Forward foreign exchange contracts	-	5,740	-	5,740
Cross Currency Swaps	-	2,527	-	2,527
Total	-	8,267	-	8,267
Financial liabilities being hedge accounted				
Cross Currency Swaps	-	177	-	177
Financial liabilities at fair value through profit or loss				
Interest Rate Swaps	-	1,551	-	1,551
Total	-	1,728	-	1,728

14 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.

15 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.