

FINANCIAL
REPORT
YEAR ENDED
30 JUNE 2008

FINANCIAL INDEX

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1 Summary of significant accounting policies

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other mandatory professional reporting requirements.

The financial report includes separate financial statements for PMP Limited (the Company) as an individual entity and the consolidated entity consisting of PMP Limited and its subsidiaries (PMP Group).

Historical Cost Convention

The financial statements have been prepared in accordance with the historical cost convention, except for the revaluation of derivative financial instruments that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

Statement of Compliance

Compliance with IFRS

The financial statements comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that 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 2008.

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the PMP Group for the year ended 30 June 2008. The amendments to standards and interpretations not yet adopted that have been identified as those which may impact the PMP Group in the period of initial application have been disclosed on page 54.

Basis of Consolidation

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

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

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

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

Use of Estimates and Judgements

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

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

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

- Note 4 - Deferred tax assets
- Note 12 - Impairment testing of goodwill and intangibles with indefinite useful lives
- Note 24 - Pension plans actuarial assumptions
- Note 25 - Share-based payment plans
- Note 31 - Financial instruments (disclosures only)

In addition, for financial guarantee contract liabilities, the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. This method takes into account the probability of default by the guarantee party over the term of the contract, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of default).

Associated Entities

The PMP Group uses the equity method of accounting for its investments in associated entities. Under this method the investment in associates is initially recognised at its cost of acquisition and its carrying value is subsequently adjusted for increases or decreases in the investors share of post-acquisition results and reserves of the associate, less any impairment in value. The investment in associated entities is decreased by the amount of dividends received or receivable. Investments in associates are carried at the lower of cost and recoverable amount.

Where there has been a change recognised directly in the associate's equity, PMP recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

Associated entities apply accounting policies that are materially consistent with those of the PMP Group.

Recoverable Amount of Assets

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

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

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

The assumptions used in the assessment of recoverable amount are discussed in Note 12.

Foreign Currencies

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

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

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

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

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

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

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

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts. Cash on hand and in banks and short term deposits are stated at nominal amount. Bank overdrafts are included in current interest bearing liabilities on the balance sheet.

Trade Receivables

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

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accruals basis.

Inventories

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

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

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

Property, Plant and Equipment

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

Depreciation

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

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

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

Non-current Assets (Or Disposal Groups) Held For Sale

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

Payables

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

Payables to related parties are carried at the principal amount.

Leases

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

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

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

Intangible assets

Goodwill

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

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

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

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

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

Database and Software Development

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

Amortisation is charged on a straight-line basis, the expense is taken to the income statement through the 'amortisation' line item as follows:

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

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

Customer Contract

The PMP Group has a significant intangible asset which was acquired as part of a business combination relating to the directory printing contract. Whilst the current directory printing contracts are renewable within the next year, the Directors have no reason to believe that they will not be renewed. No amortisation is provided against this contract since, in the opinion of the Directors, the life of the contract is indefinite.

Indefinite life assets are reviewed at each reporting period for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Revenue recognition

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

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

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

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

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

Taxes

Income Tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in associates where the timing of the reversal of the temporary difference can be controlled.

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

Tax Consolidation Legislation

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

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

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

Goods and Services Tax (GST)

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

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

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

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

Employee benefits

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

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

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

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

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

Superannuation

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

An asset or liability in respect of the defined benefit fund is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation plus unrecognised actuarial gains/losses less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit fund has been determined using the projected unit credit actuarial valuation method. Various assumptions are required when determining the Group's benefit obligation. These assumptions and the related carrying amounts are discussed in Note 24.

Actuarial gains and losses are immediately recognised in the income statement.

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

Share-based payment transactions

Share-based payment transactions are provided to employees via the PMP employee long term incentive plan and the CEO share option scheme. Information relating to these schemes is set out in Note 25.

The fair value of options is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value is determined by an external valuer taking into account the terms and conditions upon which the instruments were granted as discussed in Note 25.

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

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to contributed equity.

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

Interest Bearing Liabilities

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

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

Finance Costs

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

Provisions

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

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

Financial Instruments

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

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

(iii) Derivatives that do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Earnings Per Share

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

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

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

Contributed Equity

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

Dividends

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

Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within an economic environment that is subject to risks and returns that are different from other geographical segments.

Business Combinations

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

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

Comparative Amounts

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

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group and the parent entity's assessment of the impact of these is set out below.

- i) *AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8.*
AASB 8 was issued in February 2007 and replaces the presentation requirements of segment reporting in AASB 114. It is applicable for annual reporting periods beginning on or after 1 January 2009. AASB 8 requires adoption of a 'management approach' to reporting on financial performance, reporting the information based on what the key decision makers use internally for evaluating segment performance. The impact on the Group has not yet been determined, however it is expected to only impact disclosures presented in the financial statements.
- ii) *Revised AASB 101: Presentation of Financial Statements and AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101.*
A revised AASB 101 was issued in September 2007 and is applicable to PMP Group from 1 July 2009. The impact of this standard will be on the disclosure in the financial statements and the titles of the financial statements will change. It requires that all non-owner comprehensive changes in equity be presented in one statement of income or in a separate income statement and statement of comprehensive income. Components of comprehensive income may not be presented in the statement of changes in equity. Income tax and reclassification adjustments relating to each component of other comprehensive income have to be disclosed.
- iii) *AASB 3: Business Combinations (2008), AASB 127: Consolidated and Separate Financial Statements and AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127.*
A revised AASB 3 was issued in March 2008 and is applicable to PMP from 1 July 2009 (business combinations occurring after this date). The revised standard introduces greater emphasis on the use of fair values and increases volatility in the income statement from changes in the accounting treatment of transaction costs, changes in the fair value of contingent consideration and settlement of pre-existing contracts and share-based payments. The standard also requires re-measurement of interests to fair value on gaining or losing control. The application of these standards may impact the Group in future periods should acquisitions be made.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
2a REVENUE					
Sales revenue		1,347,253	1,288,110	-	-
Included in profit/(loss) before income tax are the following items of other revenue:					
Dividends					
Related parties within the wholly owned group		-	-	20,000	7,533
Other income		6,868	5,847	-	-
Discount on acquisition	28	3,650	-	-	-
Rental income		1,115	1,226	732	943
Interest					
Bank interest	3	513	401	106	8
Net gains on disposal of property, plant and equipment		129	-	-	-
Net gains on disposal of associated entities	10(a)	-	7,821	-	-
Total other revenue		12,275	15,295	20,838	8,484
Total revenue	23	1,359,528	1,303,405	20,838	8,484
2b SIGNIFICANT ITEMS					
Included in net profit after income tax are the following significant items of revenue and expense:					
Significant revenues					
Net gains on disposal of:					
Associated entities	10(a)	-	7,821	-	-
Discount on acquisition	28	3,650	-	-	-
Aggregate significant revenue items		3,650	7,821	-	-
Significant expenses					
Non recurring restructure initiatives - including business combination integration costs, redundancy and other one off costs		11,576	9,104	3,269	1,867
Impairment of goodwill		1,009	-	-	-
Impairment of plant and equipment held for sale to fair value		2,284	-	-	-
Impairment of plant and equipment (net of profit on disposal)		5,183	-	-	-
Aggregate significant expense items (included in net profit/(loss) before finance costs and income tax)		20,052	9,104	3,269	1,867
Net significant items expense (included in profit/(loss) before finance costs and income tax)		(16,402)	(1,283)	(3,269)	(1,867)
Significant item within "finance costs" - debt restructure costs		-	902	-	-
Significant items within "total tax benefit"/(expense)		43,027	-	43,027	-
Total, net significant items		26,625	(2,185)	39,788	(1,867)
Tax benefit associated with significant items (including tax asset brought to account)		48,733	2,691	44,008	560

Notes to and forming part of the financial statements

		PMP GROUP		PMP LIMITED	
YEAR ENDED 30 JUNE 2008		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
2c PROFIT/(LOSS) BEFORE INCOME TAX					
Profit/(loss) before income tax is arrived at after charging/(crediting) the following items:					
Cost of goods sold		1,038,313	953,829	-	-
Lease rental expenses - operating leases		21,747	22,119	-	-
Net foreign exchange loss/(profit)		28	448	(25)	(91)
Share-based payment plans	20	(1,169)	1,373	(1,169)	1,373
Net loss on disposal of property, plant and equipment		-	2,799	46	425
Defined benefit plan actuarial gain	24(a)	(410)	(345)	(410)	(345)
Impairment of plant and equipment	2(b)	7,467	-	-	-
Impairment of goodwill	12	1,009	-	-	-
Impairment of investment		-	-	820	-
Bad debts written off		1,161	1,020	41	25
Provisions (net movement):					
Doubtful debtors	5	(416)	(354)	(217,482)	(10)
		2008	2007	2008	2007
		\$	\$	\$	\$
2d AUDITORS' REMUNERATION					
Auditing the accounts					
Chief entity auditors:	Deloitte Touche Tohmatsu	350,000	-	272,000	-
	Ernst & Young	-	549,599	-	362,500
Other services					
Deloitte Touche Tohmatsu:	- Consulting advice	212,800	-	8,580	-
	- Actuarial advice*	75,466	-	-	-
	- Due diligence	52,365	-	52,365	-
	- Taxation compliance and consulting*	42,000	-	-	-
Ernst & Young:	- Taxation compliance and consulting	-	454,538	-	274,315
	- Accounting advice	-	12,204	-	-
Total auditors' remuneration		732,631	1,016,341	332,945	636,815
* These services were engaged by entities within the PMP Group but were payable by a third party.					
2e DEPRECIATION AND AMORTISATION		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Depreciation					
Freehold buildings	11(a)	1,685	1,632	15	46
Leasehold improvements	11(a)	759	717	139	153
Plant and equipment	11(a)	37,486	33,395	1,669	2,042
Leased plant and equipment	11(a)	139	240	-	-
Total depreciation		40,069	35,984	1,823	2,241
Amortisation					
Development costs	12(a)	760	1,043	-	-
Total amortisation		760	1,043	-	-
Total depreciation and amortisation		40,829	37,027	1,823	2,241
3 FINANCE COSTS					
Interest expense					
Bank loans and overdraft		17,795	21,845	175	206
Finance lease charges		188	177	-	-
Long term payables		447	2,850	-	-
Significant item - debt restructure cost		-	902	-	-
Total interest expense		18,430	25,774	175	206
Financial instruments		901	(1,066)	-	-
Total finance costs		19,331	24,708	175	206
Interest income	2(a)	(513)	(401)	(106)	(8)
Net finance costs		18,818	24,307	69	198

Notes to and forming part of the financial statements

	PMP GROUP		PMP LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
YEAR ENDED 30 JUNE 2008				
4 INCOME TAX				
(a) Reconciliation of income tax expense				
Profit/(loss) before income tax	49,370	65,277	232,925	(1,824)
Prima facie income tax expense/(benefit) thereon at 30% (2007: 30%)	14,811	19,583	69,878	(547)
Tax effect of timing and other differences:				
Non assessable income	(2,332)	(2,649)	(65,706)	(323)
Non-deductible/(additional) depreciation and amortisation of property, plant and equipment	(40)	(24)	-	-
Exempt dividends	-	-	(6,000)	(1,130)
Effect of differences in overseas tax rates	196	363	-	-
Income tax (over)/under provided in previous year	(217)	81	768	(832)
Non deductible items for tax purposes	1,054	2,591	587	492
Deferred tax asset brought to account*	(43,027)	(832)	(43,027)	(832)
Deferred tax liability disposed	-	(221)	-	-
Income tax (benefit)/expense attributable to profit/(loss)	(29,555)	18,892	(43,500)	(3,172)
Major component of income tax expense:				
Current tax expense/(benefit)	7,224	12,515	(3,386)	(5,023)
Deferred tax (benefit)/expense	(36,779)	6,377	(40,114)	1,851
Income tax (benefit)/expense attributable to profit/(loss)	(29,555)	18,892	(43,500)	(3,172)

*: As a result of the settlement reached between the company and the Australian Taxation Office in November 2007, the Australian Group increased carry forward income tax losses to \$190m for off-set against the company's future income, an increase of \$143.5m from the amount recognised in the Financial Statements for the year ended 30 June 2007. The company has therefore recognised an income tax benefit of \$43m (tax effect) in its income statement for the year ended 30 June 2008. After some usage of these losses, the company's deferred tax asset balance in relation to tax losses is \$52.3m as at 30 June 2008 (gross losses still available of \$174.2m).

(b) Deferred tax assets and deferred tax liabilities

Following settlement with the Australian Taxation Office all deferred tax assets and liabilities have been brought to account as at 30 June 2008. At 30 June 2007, companies within the economic entity had estimated unutilised income tax losses of approximately \$353.8m available to offset against future years' taxable income. The tax benefit of \$106.1m had not been brought to account as realisation was not probable at that time.

At 30 June 2008, 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 (2007:\$nil).

(c) Franking credits

	2008 \$'000	2007 \$'000
The amount of franking credits available are:		
Franking account balance as at the end of the financial year at 30% (2007:30%)	615	5,421
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	814	1,151
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**	(2,618)	(3,861)
Franking account balance	(1,189)	2,711

**: Since the balance sheet date the Directors have declared a final dividend of 3 cents (2007: 3 cents) per fully paid ordinary share, 60% franked (2007: fully franked) based on a corporate tax rate of 30%. The dividend will be paid on 17 October 2008, with a record date of 3 October 2008. The dividend payable of \$10,180,736 (2007: \$9,008,550) has not been recognised as a liability at year end.

Tax payments made during the next financial year ending 30 June 2009 in respect to that financial year, are expected to clear the franking account deficit such that no penalty tax will arise.

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

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

Members of the tax consolidated group have 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.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
5 RECEIVABLES					
Trade debtors*		138,935	146,136	1,693	867
Provision for doubtful debts	5(a)	(2,381)	(2,797)	(56)	-
Net trade debtors		136,554	143,339	1,637	867
Other debtors	5(d)	5,826	9,123	3,353	2,303
Loans to related parties within the wholly owned group	5(c)	-	-	934,541	948,306
Provision for related party loans	5(c)	-	-	(360,435)	(577,973)
Total current receivables		142,380	152,462	579,096	373,503

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

(a) Impaired trade receivables**PMP Group:**

At 30 June 2008, \$3,243,000 (2007:\$4,432,000) nominal value trade receivables have been identified as individually impaired. As a result, a provision of \$2,381,000 (2007: \$2,797,000) has been recognised. The individually impaired receivables relate to a variety of customers who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivable is expected to be recovered.

PMP Limited:

At 30 June 2008, \$61,000 (2007:\$nil) nominal value trade receivables have been identified as individually impaired. As a result a provision of \$56,000 (2007: \$nil) has been recognised.

Movements in the provision for doubtful debts are as follows:	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance as at 1 July	2,797	2,987	-	-
Provision for doubtful debts recognised	1,718	2,011	56	-
Amounts written off	(854)	(691)	-	-
Amounts recovered	-	39	-	-
Unused amount reversed	(1,212)	(1,619)	-	-
Net foreign currency translation difference	(68)	70	-	-
Balance at 30 June	2,381	2,797	56	-

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

(b) Past due but not impaired

At 30 June 2008 there were \$13,366,000 (2007: \$20,587,000) of trade receivables in the PMP Group past due but not impaired. In PMP Limited this amounted to \$869,000 (2007:\$20,000).

The aging analysis of these trade receivables is as follows:	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Past due 1 - 30 days	10,925	15,312	777	3
Past due 31 - 60 days	1,436	2,044	81	-
Past due 61 - 90 days	8	2,181	2	-
Past due greater than 90 days	997	1,050	9	17
	13,366	20,587	869	20

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

(c) Related party loans

At 30 June 2008, the nominal value of loans from PMP Limited to related parties within the wholly owned group that had been identified as impaired was \$714,377,000. A provision of \$360,435,000 has been recognised against these. The movement in the provision in the year has been to reverse unused amounts. The reversal of \$217,538,000 has been credited to "other (expenses)/recoveries" in the income statement.

(d) Other debtors

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

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
6 INVENTORIES					
Raw materials and stores at cost		60,040	43,675	-	-
Less: provision for diminution		(679)	-	-	-
Net raw materials and stores		59,361	43,675	-	-
Finished goods at cost		28,688	27,473	-	-
Work in progress at cost		7,791	10,528	-	-
Total current inventories		95,840	81,676	-	-
7 FINANCIAL ASSETS					
Interest rate swaps	31(b)(ii)	4,731	5,562	-	-
Forward exchange contracts	31(c)(iv)	58	-	-	-
Total current financial assets		4,789	5,562	-	-
8 OTHER ASSETS					
Current other assets					
Prepayments		6,965	5,487	686	1,060
Total current other assets		6,965	5,487	686	1,060
Non-current other assets					
Shares in controlled entities - unlisted at cost		-	-	174,795	98,409
Shares in other entities - unlisted at cost		280	280	-	-
Write-down to realisable value		(40)	(40)	-	-
Other assets		145	183	-	-
Pension asset	24	3,791	2,801	3,791	2,801
Total non-current other assets		4,176	3,224	178,586	101,210
9 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE					
Plant and equipment		8,815	-	-	-
Total non-current assets classified as held for sale		8,815	-	-	-

Non-current assets classified as held for sale comprise a binder, three presses and two stitchers. These assets were acquired through the acquisition of Times Printers (Australia) Pty Limited and as a result of the restructuring that has taken place in the period since acquisition they are surplus to requirements. The assets have been fair valued at 30 June 2008 resulting in an impairment of \$2,284,000 being recognised in the income statement within "other (expenses)/recoveries". The impairment has arisen since acquisition following a downturn in the global market for such assets. At 30 June 2008 the assets are being actively marketed for sale and are expected to be sold within 12 months.

The non-current assets classified as held for sale relate to the Printing segment.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

10 INVESTMENTS IN ASSOCIATED ENTITIES

(a) Investments in associated entities - equity interest

Name	Principal Activities	Type of Shares	Balance Date	% of Equity Interest held by Economic Entity 2008 %	% of Equity Interest held by Economic Entity 2007 %	Equity Investment Carrying Amount 2008 \$'000	Equity Investment Carrying Amount 2007 \$'000
Hachette Pacific Pty Limited*	Dormant**	Ordinary	30 June	50	50	-	-
Kinkaid Pty Limited*	Commercial Printing	Ordinary	30 June	-	-	-	-
Promentum Limited*	Sheeffed Printing	Ordinary	30 June	-	-	-	-
						-	-

*: Country of incorporation - Australia

**: In voluntary liquidation

2007:

Effective 1 July 2006, PMP disposed of its investment in Kinkaid Pty Limited for consideration of \$3.9 million.

Effective 2 May 2007, PMP disposed of its investment in Promentum Limited for a cash price of \$2.25 per share.

Total consideration amounted to \$31.7 million.

The profit resulting from the above disposals amounted to \$7.8 million.

(b) Investments in associated entities - summary statement of financial performance and position

	2008 \$'000	2007 \$'000
The consolidated entity's share of aggregate assets, liabilities and results of associates:		
Operating profits before income tax	-	1,230
Income tax expense	-	(369)
Share of net profit of associates*	-	861
Current assets	-	-
Non-current assets	-	-
Total assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Share of net assets as reported by associates*	-	-
Share of commitments for expenditure		
Lease commitments	-	-
Capital commitments	-	-

*: Based on publicly available information

(c) Investments in associated entities - aggregate carrying amount

	Total Carrying Amount \$'000
Balance at the beginning and end of the year	-

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
11 PROPERTY, PLANT AND EQUIPMENT					
Land					
At cost	11(a)	17,254	17,473	-	-
Freehold buildings					
At cost		42,843	43,286	278	278
Accumulated depreciation		(17,032)	(15,804)	(194)	(179)
Net freehold buildings	11(a)	25,811	27,482	84	99
Leasehold improvements					
At cost		7,606	6,890	2,161	1,663
Accumulated amortisation		(2,952)	(2,297)	(1,098)	(959)
Net leasehold improvements	11(a)	4,654	4,593	1,063	704
Plant and equipment					
At cost		691,794	654,897	32,027	28,295
Accumulated depreciation		(337,491)	(321,526)	(10,302)	(9,093)
Net plant and equipment	11(a)	354,303	333,371	21,725	19,202
Leased plant and equipment					
At cost		1,549	2,680	-	-
Accumulated depreciation		(527)	(763)	-	-
Net leased plant and equipment	11(a)	1,022	1,917	-	-
Total net property, plant and equipment	11(a)	403,044	384,836	22,872	20,005

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)					
(a) Reconciliations					
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:					
Land					
Carrying amount at beginning of year		17,473	17,303	-	-
Additions		10	-	-	-
Additions via acquisition		7,761	-	-	-
Disposals		(7,761)	-	-	-
Net foreign currency translation difference		(229)	170	-	-
Carrying amount at end of year		17,254	17,473	-	-
Freehold buildings					
Carrying amount at beginning of year		27,482	28,407	99	1,321
Additions		198	240	-	-
Additions via acquisition		9,939	-	-	-
Disposals		(9,829)	-	-	-
Intergroup transfer		-	-	-	(1,176)
Transfer from other fixed asset category		303	-	-	-
Depreciation		(1,685)	(1,632)	(15)	(46)
Net foreign currency translation difference		(597)	467	-	-
Carrying amount at end of year		25,811	27,482	84	99
Leasehold improvements					
Carrying amount at beginning of year		4,593	2,357	704	803
Additions		125	3,052	498	190
Disposals		(12)	(150)	-	(136)
Transfer from other fixed asset category		805	-	-	-
Depreciation		(759)	(717)	(139)	(153)
Net foreign currency translation difference		(98)	51	-	-
Carrying amount at end of year		4,654	4,593	1,063	704
Plant and equipment					
Carrying amount at beginning of year		333,371	333,189	19,202	14,512
Additions*		31,705	36,761	4,675	7,021
Additions via acquisition		56,123	-	-	-
Disposals		(5,749)	(8,011)	(483)	(289)
Plant and equipment classified as held for sale	9	(8,815)	-	-	-
Impairment charge	11(b)	(8,005)	-	-	-
Transfer to other fixed asset category		(565)	-	-	-
Transfer from cash flow hedge reserve		-	54	-	-
Depreciation		(37,486)	(33,395)	(1,669)	(2,042)
Net foreign currency translation difference		(6,276)	4,773	-	-
Carrying amount at end of year		354,303	333,371	21,725	19,202
Leased plant and equipment					
Carrying amount at beginning of year		1,917	1,960	-	-
Transfer to other fixed asset category		(542)	-	-	-
Depreciation		(139)	(240)	-	-
Net foreign currency translation difference		(214)	197	-	-
Carrying amount at end of year		1,022	1,917	-	-
Total net property, plant and equipment		403,044	384,836	22,872	20,005

*: During the year borrowing costs of \$nil (2007:\$295,271) have been capitalised into plant and equipment (weighted average capitalisation rate of 7.5% in 2007).

b) Impairment charge

	NOTES	PMP GROUP	
		2008 \$'000	2007 \$'000
Loss recognised on re-measurement of plant & equipment to fair value	9	2,284	-
Impairment of plant and equipment to recoverable amount based on value in use calculation	12	618	-
Other impairments to plant and equipment		5,103	-
		8,005	-

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
12 INTANGIBLES					
Development costs					
At cost		5,518	4,249	-	-
Accumulated amortisation		(4,626)	(3,771)	-	-
Net development costs	12(a)	892	478	-	-
Goodwill (indefinite useful life)					
At cost	12(a)	81,935	85,939	-	-
Contract (indefinite useful life)					
At cost	12(a)	15,011	15,011	-	-
Total net intangibles	12(a)	97,838	101,428	-	-
(a) Reconciliations					
Development costs					
Carrying amount at beginning of year		478	1,379	-	-
Additions		1,174	142	-	-
Amortisation		(760)	(1,043)	-	-
Carrying amount at end of year		892	478	-	-
Goodwill (indefinite useful life)					
Carrying amount at beginning of year		85,939	83,059	-	-
Additions via acquisition		-	2,161	-	-
Adjustment to prior acquisition		(164)	(948)	-	-
Impairment charge*		(1,009)	-	-	-
Disposal of business		-	(269)	-	-
Net foreign currency translation difference		(2,831)	1,936	-	-
Carrying amount at end of year		81,935	85,939	-	-
Contract (indefinite useful life)					
Carrying amount at beginning and at end of year		15,011	15,011	-	-
Total net intangibles		97,838	101,428	-	-

*: The carrying amount of goodwill in Gordon and Gotch New Zealand included within "other" in the table below has been reduced to \$nil through the recognition of an impairment loss against goodwill of \$875,000. As the value in use calculation could not support the carrying value of the entities assets, plant and equipment was also impaired by \$618,000 (see note 11(b)).

The amount recognised in respect of Mercury Subscriptions (a division of Gordon & Gotch New Zealand) has also been reduced to its recoverable amount by recognising an impairment of \$134,000.

The total impairment to goodwill has been recognised within "other (expenses)/recoveries" in the income statement.

(b) Impairment testing of goodwill and intangibles with indefinite lives

Carrying amount of goodwill and intangibles with indefinite useful lives allocated to each of the cash generating units:

	PMP GROUP		PMP LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Heat set web printing - Australia	56,034	56,034	-	-
Directory printing	17,654	17,654	-	-
Griffin Press printing	5,015	5,015	-	-
Maxum and heat set web printing - New Zealand*	15,718	18,232	-	-
Other	2,525	4,015	-	-
Total goodwill and intangibles (indefinite useful life)	96,946	100,950	-	-
Goodwill (indefinite useful life)	81,935	85,939	-	-
Contract (indefinite useful life)	15,011	15,011	-	-
Total goodwill and intangibles (indefinite useful life)	96,946	100,950	-	-

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008**12 INTANGIBLES (CONTINUED)****(b) Impairment testing of goodwill and intangibles with indefinite lives (continued)**

The recoverable amount of all cash generating units has been determined based on value in use calculations using cash flow projections based on financial budgets approved by senior management covering a two year period.

*: Effective 1 July 2006, the goodwill associated with the acquisitions of the Cebury Group and Saxon Print has been tested for impairment by combining the cash generating units of heat set web printing-New Zealand and Maxum (formerly Cebury Group and Saxon Print) as these units together represent the lowest level that goodwill is monitored for internal management purposes.

Key assumptions:

The discount rate applied to cash flow projections is 11% (2007: 11%). Cash flows beyond the two year period are extrapolated using a 2% growth rate (2007: 2%). Management determined budgeted gross margin based on past performance and expectations for the future.

	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
13 DEFERRED TAX					
Deferred tax assets					
Temporary differences:					
- Provisions/accruals		19,352	18,163	1,576	1,627
- Cash flow hedges		-	2,305	-	-
Tax losses	4(a)	52,252	13,976	52,252	13,976
Total deferred tax assets		71,604	34,444	53,828	15,603
Deferred tax liabilities					
Temporary differences:					
- Property, plant and equipment		13,114	12,827	2,584	1,526
- Deferred income/other assets		2,380	-	1,137	-
- Cash flow hedges		1,387	-	-	-
- Investments and intangibles		986	986	-	-
Total deferred tax liabilities		17,867	13,813	3,721	1,526
14 PAYABLES					
Current payables					
Creditors - unsecured					
Trade creditors and accruals*		183,080	179,384	2,274	2,491
Interest payable		2,440	2,692	-	-
Loans from related parties within the wholly owned group		-	-	434,271	432,647
Total current payables		185,520	182,076	436,545	435,138
*: Trade creditors are non-interest bearing, and are on normal commercial terms.					
15 INTEREST BEARING LIABILITIES					
(a) Current interest bearing liabilities - financial institutions					
Secured					
Finance lease liabilities (secured over the leased assets)	21(b)	229	644	-	-
Unsecured					
Bank overdraft - repayable in: Australian dollars		91	90	93	93
Short-term loan - repayable in: New Zealand dollars		1,819	-	-	-
Total current interest bearing liabilities - financial institutions		2,139	734	93	93
(b) Current interest bearing liabilities - other					
Secured					
Plant and equipment payables (secured over the assets)		-	58,241	-	-
Total current interest bearing liabilities - other		-	58,241	-	-

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
15 INTEREST BEARING LIABILITIES (CONTINUED)					
(c) Non-current interest bearing liabilities - financial institutions					
Secured					
Finance lease liabilities (secured over the leased assets)	21(b)	765	896	-	-
Unsecured					
Bank loans - repayable in:					
Australian dollars		135,675	113,563	-	-
New Zealand dollars		68,164	85,826	-	-
Total non-current interest bearing liabilities - financial institutions		204,604	200,285	-	-

(d) Interest bearing liabilities - facility details		Facility	Drawn	Available
Facility details:		\$'000s	\$'000s	\$'000s
2008 (unsecured)				
Overdraft facility		13,163	91	13,072
Cash offsets		-	(9,866)	-
Bill and multi-currency cash advance facilities		150,000	150,000	-
Short-term loan		28,954	1,819	27,135
Total bank facilities		192,117	142,044	40,207
Revolving fund facilities		180,000	63,705	116,295
Total facilities		372,117	205,749	156,502
2007 (unsecured)				
Overdraft facility		13,631	90	13,541
Cash offsets		-	(6,923)	-
Bill and multi-currency cash advance facilities		150,000	150,000	-
Short-term loan		29,539	-	29,539
Total bank facilities		193,170	143,167	43,080
Revolving fund facilities		180,000	56,312	123,688
Total facilities		373,170	199,479	166,768

(e) Terms and conditions

On 4 May 2007, the PMP Group bill & revolving facility was restructured with an unsecured \$330 million five year debt replacing the fully secured \$375 million debt (amortised to \$335 million at 4 May 2007). The facility has a maturity date of 4 May 2012. These facilities are subject to a number of revised financial covenants, including the PMP Group being measured against a maximum Debt/EBITDA ratio and a minimum EBITDA/Interest ratio. It is also subject to the warranties and conditions of the agreement during the term of the facility, including a change of control clause.

Short-term loans are used to manage working capital requirements.

Note 31 (b) specifies interest rate details relating to the PMP Group borrowing facilities and other interest rate risk exposure.

Details of the fair value of the Group's interest bearing liabilities are set out in note 31(b)(ii) and 31(g).

16 PROVISIONS	PMP GROUP		PMP LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current provisions				
Employee entitlements	28,796	26,736	2,777	2,264
Other	3,591	4,593	968	1,722
Total current provisions	32,387	31,329	3,745	3,986
Non-current provisions				
Employee entitlements	2,662	2,892	349	320
Other	495	495	-	-
Total non-current provisions	3,157	3,387	349	320
Total provisions	35,544	34,716	4,094	4,306

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
17 FINANCIAL LIABILITIES					
Current financial liabilities					
Financial liabilities - forward currency contracts		-	10,496	-	-
Total financial liabilities	31(c)(iv)	-	10,496	-	-
18 CONTRIBUTED EQUITY					
Issued and paid up capital					
Movements in ordinary share capital:		2008 Number '000	2007 Number '000		
Balance as at 1 July		300,285	298,274	568,856	567,028
Shares issued in respect of:					
- Subsidiary*		39,020	-	58,529	-
- Options exercised		53	2,011	62	1,638
Transfer from share-based payment reserve		-	-	209	190
Balance at 30 June - ordinary shares		339,358	300,285	627,656	568,856

*: Issued on 29 November 2007 as part consideration for business combination, see note 28.

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

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
19 DIVIDENDS					
Final dividend					
Final dividend for the year ended 30 June 2007 of 3 cents, fully franked, based on tax paid at 30%, paid on 19 October 2007		9,009	-	9,009	-
Interim dividend					
Interim dividend for the year ended 30 June 2008 of 1.5 cents, fully franked, based on tax paid at 30%, paid on 7 March 2008		5,090	-	5,090	-
Total dividends provided for or paid		14,099	-	14,099	-
20 RESERVES					
Foreign currency translation reserve					
Opening balance		1,830	1,308	-	-
Movement in reserve relating to:					
- Exchange fluctuation on translation of overseas controlled entities		(763)	522	-	-
Total foreign currency translation reserve		1,067	1,830	-	-
Share-based payment reserve					
Opening balance		2,701	1,746	2,701	1,746
Movement in reserve relating to:					
- Share-based payment (credit)/expense	2(c)	(1,169)	1,145	(1,169)	1,145
- Transfer to retained earnings		(716)	-	(716)	-
- Transfer to contributed equity	18	(209)	(190)	(209)	(190)
Total share-based payment reserve		607	2,701	607	2,701
Cash flow hedge reserve					
Opening balance		(1,818)	2,059	-	-
Movement in reserve relating to:					
- Transfer to property, plant and equipment		-	54	-	-
- Cash flow hedge - net gains/(losses)		2,884	(5,808)	-	-
- Tax effect of cash flow hedge net (gains)/losses		(939)	1,877	-	-
Total cash flow hedge reserve		127	(1,818)	-	-
Total reserves		1,801	2,713	607	2,701

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
21 COMMITMENTS					
The following commitments are not reflected in the balance sheet and are payable/receivable as follows:					
(a) Capital expenditure (i):					
- not later than one year		2,279	82	-	-
Total capital expenditure		2,279	82	-	-
(b) Finance lease rentals - Group as lessee (ii):					
- not later than one year		331	597	-	-
- later than one year but not later than five years		830	1,263	-	-
Total finance lease rentals		1,161	1,860	-	-
Future finance charges		(167)	(320)	-	-
Net finance lease liability		994	1,540	-	-
Reconciled to:					
Current finance lease liability	15(a)	229	644	-	-
Non-current finance lease liability	15(c)	765	896	-	-
Finance lease liability		994	1,540	-	-
(c) Operating lease rentals - Group as lessee (iii):					
not later than one year		19,773	18,740	5,402	5,123
later than one year but not later than five years		34,656	42,088	19,205	19,603
later than five years		12,866	18,394	12,855	18,394
Total operating lease rentals (lessee)		67,295	79,222	37,462	43,120
(d) Operating lease rentals - Group as lessor (iv):					
not later than one year		2,649	1,641	1,845	903
later than one year but not later than five years		8,928	4,395	8,039	3,864
later than five years		4,448	3,052	4,448	3,052
Total operating lease rentals (lessor)		16,025	9,088	14,332	7,819
Total net commitments for expenditure		54,543	71,756	23,130	35,301

(i) At 30 June 2008 and 30 June 2007 the Group capital expenditure commitments relate to the acquisition of new plant and equipment.

(ii) The Group has finance leases for various items of plant and machinery. The weighted average interest rate impact in the leases is 10.81% (2007: 9.81%). These leases have terms of renewal, but no escalation clauses. Certain leases contain purchase options.

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

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

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	Country of Incorporation	NOTES	Interest held 2008 %	Interest held 2007 %
22 CONTROLLED ENTITIES				
PMP Publishing (UK) Limited (formerly Attic Futura (UK) Limited)	United Kingdom	(b)	-	100
Pacific Publications Holdings Pty. Limited	Australia	(a)	100	100
Attic Futura Pty Limited	Australia	(a)	100	100
Pacific O'Brien Publications Pty. Limited	Australia		100	100
Total Sampling Pty. Limited	Australia	(a)	100	100
PMP Publishing Pty. Limited	Australia	(a)	100	100
PMP Print Pty. Limited	Australia	(a)	100	100
PMP Property Pty. Limited	Australia	(a)	100	100
PT Pac-Rim Kwartanusa Printing	Indonesia		95	95
PMP Advertising Solutions Pty. Limited (formerly Prestige Litho Pty. Limited)	Australia	(a)	100	100
PMP Home Media Pty. Limited (formerly Pac-Rim Printing Pty. Limited)	Australia	(a)	100	100
Shomega Pty Limited	Australia	(a)	100	100
Show-Ads Pty Limited (formerly Autry Holdings Pty Limited)	Australia	(a)	100	100
Linq Plus Pty. Limited (formerly Canberra Press Holdings Pty Limited)	Australia	(a)	100	100
PMP Wholesale Pty. Limited	Australia	(a)	100	100
PMP Digital Pty. Limited (formerly Show-Ads Omega Pty. Limited)	Australia	(a)	100	100
Marketspace Pty. Limited	Australia	(a)	100	100
Pacific Intermedia Pty. Limited (formerly Home Show Television Pty. Limited)	Australia	(a)	100	100
The Argus & Australasian Pty. Limited	Australia	(a)	100	100
Gordon and Gotch Australia Pty. Limited	Australia	(a)	100	100
PMP Directories Pty Limited	Australia	(a)	100	100
Argyle Print Pty. Ltd.	Australia		100	-
Red PPR Holdings Pty Limited	Australia	(a)	100	100
Pacific Micromarketing Pty. Limited	Australia	(a)	100	100
PMP Finance Pty. Limited	Australia	(a)	100	100
PMP Share Plans Pty. Limited	Australia		100	100
Manningtree Investments Pty. Limited	Australia	(a)	100	100
Canberra Press Pty. Limited	Australia	(a)	100	100
PMP (NZ) Limited	New Zealand		100	100
Pac Rim Finance (NZ) Limited	New Zealand		100	100
PMP Print Limited	New Zealand		100	100
PMP Maxum Limited (formerly PMP Digital Limited)	New Zealand		100	100
PMP Distribution Limited	New Zealand		100	100
Pacific Intermedia (NZ) Limited	New Zealand		100	100
Gordon and Gotch (NZ) Limited	New Zealand		100	100
Mercury Subs Limited	New Zealand	(c)	-	100
PMP Digital Limited	New Zealand		100	100

(a) These companies entered into a new deed of cross guarantee dated 27 June 2008 with PMP Limited which will replace the previous deed dated 10 June 1992. The deed provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company. As a result of a Class Order issued by the Australian Securities and Investments Commission, these companies are relieved from the requirement to prepare financial statements. PMP Directories Pty Limited was not covered by the previous deed.

(b) PMP Publishing (UK) Limited was dissolved on 15 May 2008.

(c) Effective 2 July 2007, Mercury Subs Limited (legal entity) amalgamated with Gordon and Gotch (NZ) Limited to become Gordon and Gotch (NZ) Limited.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

22 CONTROLLED ENTITIES (CONTINUED)

The aggregate assets, liabilities and net profit after income tax of the companies which are parties to the deed of cross guarantees are as follows (d):

Income statement of the closed group	2008 \$'000	2007 \$'000
Sales revenue	1,084,546	995,672
Other revenue	13,127	17,532
Revenue	1,097,673	1,013,204
Raw materials and consumables used	(258,661)	(218,431)
Cost of finished goods sold	(328,430)	(302,496)
Employee expenses	(290,829)	(282,372)
Outside production services	(42,880)	(35,419)
Freight	(21,413)	(19,872)
Repairs and maintenance	(16,669)	(17,814)
Occupancy costs	(18,395)	(16,497)
Other expenses	(31,230)	(29,839)
Profit before depreciation, amortisation, finance costs and income tax	89,166	90,464
Depreciation and amortisation	(29,018)	(28,766)
Profit before finance costs and income tax	60,148	61,698
Finance costs	(10,545)	(17,736)
Profit before income tax	49,603	43,962
Income tax benefit/(expense)	28,451	(12,784)
Net profit attributable to members of the parent entity	78,054	31,178

(d) Notes on the closed group:

- PMP Limited is the ultimate parent company of the PMP Group.
- All companies have ordinary share capital.
- Since the date of their appointment, 2 November 2007, all companies are audited by Deloitte Touche Tohmatsu or its affiliates. Prior to this date the auditors were Ernst & Young.
- PMP Limited entered into a new deed of cross guarantee on 27 June 2008 with the companies identified on page 68. PMP Directories Pty Limited was not party to the previous deed dated 10 June 1992. The prior year comparatives have not been restated.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	2008 \$'000	2007 \$'000
22 CONTROLLED ENTITIES (CONTINUED)		
Balance sheet of the closed group		
Current assets		
Cash and cash equivalents	7,030	4,000
Receivables	107,536	117,125
Inventories	82,398	64,478
Financial assets	3,616	3,007
Other	6,465	4,389
Total current assets	207,045	192,999
Non-current assets		
Property, plant and equipment	316,978	329,069
Intangibles	79,597	64,171
Deferred tax assets	68,913	31,344
Other	65,523	31,924
Total non-current assets	531,011	456,508
Total assets	738,056	649,507
Current liabilities		
Payables	154,356	171,802
Interest bearing liabilities - financial institutions	91	90
Interest bearing liabilities - other	-	58,241
Income tax payable	1,717	1,151
Provisions	28,919	26,331
Financial liabilities	540	7,615
Total current liabilities	185,623	265,230
Non-current liabilities		
Interest bearing liabilities - financial institutions	137,122	113,563
Deferred tax liabilities	16,513	11,410
Provisions	3,157	2,892
Total non-current liabilities	156,792	127,865
Total liabilities	342,415	393,095
Net assets	395,641	256,412
Equity		
Contributed equity	627,656	568,856
Reserves	289	2,708
Accumulated losses	(232,304)	(315,152)
Total equity	395,641	256,412

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

23 SEGMENTAL REPORT

Segment products and locations

The consolidated entities operating companies are organised and managed separately according to the nature and services they provide.

The printing segment prints a variety of publications to a wide range of customers and industries.

The distribution and fulfilment segment specialises in letterbox and magazine distribution. It provides services to a wide range of industries focusing on supply chain management and merchandising solutions.

The digital premedia segment provides a variety of services specialising in digital art.

Geographically, the group operates in two predominant segments, being Australia and New Zealand.

Segment Accounting Policies

Segment accounting policies are the same as the consolidated entity's policies described in Note 1.

(a) Business Segments

	PRINTING		DISTRIBUTION AND FULFILMENT		DIGITAL PREMEDIA		CORPORATE		CONSOLIDATED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue										
Sales revenue	757,140	694,028	585,485	564,155	40,010	50,661	-	-	1,382,635	1,308,844
Other revenue	4,953	9,766	6,776	5,001	118	127	428	401	12,275	15,295
Intersegment revenue	(32,306)	(18,876)	(1,701)	(442)	(1,375)	(1,416)	-	-	(35,382)	(20,734)
Total segment revenue	729,787	684,918	590,560	568,714	38,753	49,372	428	401	1,359,528	1,303,405
EBITDA* before significant items	100,300	111,329	24,642	17,680	8,744	9,205	(7,754)	(10,780)	125,932	127,434
Share of net profit of associates	-	861	-	-	-	-	-	-	-	861
Depreciation and amortisation	(34,841)	(31,077)	(4,590)	(4,203)	(1,398)	(1,747)	-	-	(40,829)	(37,027)
Segment EBIT before significant items	65,459	81,113	20,052	13,477	7,346	7,458	(7,754)	(10,780)	85,103	91,268
Significant items	(10,487)	6,406	(3,544)	(6,697)	(353)	(490)	(2,018)	(502)	(16,402)	(1,283)
Segment EBIT after significant items	54,972	87,519	16,508	6,780	6,993	6,968	(9,772)	(11,282)	68,701	89,985
Finance costs									(19,331)	(24,708)
Consolidated entity profit before income tax									49,370	65,277
Income tax benefit/(expense)									29,555	(18,892)
Net profit after income tax									78,925	46,385

*: EBITDA - Profit before depreciation, amortisation, finance costs and income tax

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

23 SEGMENTAL REPORT (CONTINUED)

(a) Business Segments (continued)

	PRINTING		DISTRIBUTION AND FULFILMENT		DIGITAL PREMEDIA		CORPORATE*		CONSOLIDATED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Assets										
Segment assets	617,571	580,701	90,788	96,829	59,590	68,015	74,600	27,695	842,549	773,240
Liabilities										
Segment liabilities	137,000	196,173	92,470	93,818	8,762	6,729	209,159	204,792	447,391	501,512
Other segment information:										
Acquisition of property, plant and equipment, intangible assets and other non-current assets (including acquisitions)	102,431	17,320	4,021	23,963	583	636	-	-	107,035	41,919
Depreciation and amortisation	(34,841)	(31,077)	(4,590)	(4,203)	(1,398)	(1,747)	-	-	(40,829)	(37,027)

*: Corporate assets and liabilities mostly comprise financial assets and liabilities, deferred tax assets and liabilities and borrowings and cash.

(b) Segment Information-Secondary Segment

	AUSTRALIA		NEW ZEALAND		CONSOLIDATED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Geographic Segments						
Sales revenue	1,113,609	1,048,841	233,644	239,269	1,347,253	1,288,110
Other revenue	11,493	14,954	782	341	12,275	15,295
Gross segment revenue	1,125,102	1,063,795	234,426	239,610	1,359,528	1,303,405
Total segment assets	727,839	637,656	114,710	135,584	842,549	773,240
Acquisition of property, plant and equipment, intangible assets and other non-current assets (including acquisitions)	100,143	36,696	6,892	5,223	107,035	41,919

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

24 PENSION PLANS

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

The PMP corporate superannuation trust, PEP Superannuation Pty Ltd, and the PMP Employees Plan, were terminated on 26th June 2008. Before this termination occurred, the assets and the members' accounts had been transferred to the master trust, AMP Superannuation Savings Trust, within which is the AMP SuperSignature Plan. This plan has a sub-plan called the PEP Superannuation Plan which holds the members' accounts. The accumulation members were transferred on a successor fund basis and the defined benefit members were transferred with their consent.

PMP now manages superannuation commitments through a Superannuation Policy Committee in conjunction with the trustees of the AMP "master trust". This master trust continues to provide the previous categories of defined benefits based on years of membership and final average salary and accumulation benefits. Employees contribute to the plan at various percentages of their wages and salaries.

Employer contributions to superannuation plans in the year ended 30 June 2008 totalled \$13,166,253 (2007: \$13,042,616).

Accumulation funds

Contribution obligations in respect of each accumulation fund for the year to 30 June 2008 was 9% (2007: 9%) of members' wages or as defined by the Trust Deed.

Defined benefit funds

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. All defined benefit members were offered alternative accumulation style plans in the transfer process upon which 15% accepted these alternative plans. The defined benefit section of the plan is closed to new members. All new members receive accumulation only benefits.

PMP Limited contributed at rates between 6% and 18.5% during the year ended 30 June 2008 (2007: 6.0% to 18.5%, no contributions were made for the months February 2007 to April 2007 inclusive).

PMP expects to contribute \$0.8 million to its defined benefit pension plan in the year ending 30 June 2009 (2008 actual: \$1.4 million).

(a) Amount recognised in income statements

	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Recognised in employee expenses					
Service cost		1,362	1,506	34	35
Interest cost		1,878	1,726	47	40
Expected return on assets		(2,464)	(2,618)	(62)	(61)
Actuarial gain	2(c)	(410)	(345)	(410)	(345)
Superannuation expense/(income)		366	269	(391)	(331)
(b) Amount recognised in balance sheets					
Defined benefit obligation	24(c)	23,310	34,216	23,310	34,216
Less: fair value of plan assets	24(d)	(27,101)	(37,017)	(27,101)	(37,017)
Net superannuation asset		(3,791)	(2,801)	(3,791)	(2,801)

If a surplus exists in the plan, PMP Limited may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the plan's actuary.

PMP Limited may at any time by notice to the Trustee terminate its contributions. PMP Limited has a liability to pay the contributions due prior to the effective date of the notice, but there is no requirement for it to pay any further contributions, irrespective of the financial condition of the plan.

(c) Defined benefit obligation

	PMP GROUP		PMP LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Present value of defined benefit obligation at beginning of the year	34,216	37,376	34,216	37,376
Current service cost	1,362	1,506	34	35
Interest cost	1,878	1,726	46	40
Contributions by plan participants	748	816	748	816
Actuarial (gain)/loss	(3,139)	2,502	(3,139)	2,502
Benefits paid	(10,865)	(8,905)	(10,865)	(8,905)
Taxes, premiums and expenses paid	(890)	(805)	(890)	(805)
Intercompany transfers	-	-	3,160	3,157
Present value of defined benefit obligation at end of the year	23,310	34,216	23,310	34,216

Experience adjustments gain on plan liabilities for the year ended 30 June 2008 is \$1.5 million (2007: \$4.2 million).

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

24 PENSION PLANS (CONTINUED)

(d) Fair value of plan assets

	PMP GROUP		PMP LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fair value of plan assets at beginning of the year	37,017	39,195	37,017	39,195
Expected return on plan assets	2,464	2,618	65	61
Actuarial (loss)/gain	(2,729)	2,847	(2,729)	2,847
Employer contributions	1,356	1,251	1,356	1,251
Contributions by plan participants	748	816	748	816
Benefits paid	(10,865)	(8,905)	(10,865)	(8,905)
Taxes, premiums and expenses paid	(890)	(805)	(890)	(805)
Intercompany transfers	-	-	2,399	2,557
Fair value of plan assets at end of the year	27,101	37,017	27,101	37,017

The fair value of plan assets includes no amounts relating to any of PMP's own financial instruments or any property occupied by, or used by PMP. The major categories of plan assets as a percentage of the fair value of plan assets are as follows:

	PMP GROUP		PMP LIMITED	
	2008 %	2007 %	2008 %	2007 %
Australian equity	20	28	20	28
International equity	20	25	20	25
Fixed income	41	38	41	38
Property	9	4	9	4
Cash	10	5	10	5

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class. The returns used for each asset class are net of investment tax and investment fees. The actual return on plan assets during the year ended 30 June 2008 was a loss of \$265,000 (2007: \$5.5 million gain).

Experience adjustments loss on plan assets for the year ended 30 June 2008 is \$2.7 million (2007: \$2.8 million gain).

(e) Actuarial assumptions

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

	PMP GROUP		PMP LIMITED	
	2008 %	2007 %	2008 %	2007 %
Discount rate	8.30	5.80	8.30	5.80
Expected rate of return on plan assets	7.00	7.00	7.00	7.00
Expected salary increase rate	4.00	4.00	4.00	4.00

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

25 SHARE-BASED PAYMENT PLANS

(a) Employee long term incentive plan

Ordinary shares up to 5.0% (2007: 5.0%) of the total number of ordinary shares on issue may be allotted under the PMP long term incentive plan.

Total number of employee options/performance rights issued since commencement:	44,155,821
Total number of employee options/performance rights issued as at balance date:	3,801,054
Options/rights on issue (as a percentage of total shares on issue) as at 30 June 2008:	1.12%
Total number of employee options/performance rights issued during the year	1,729,043
Total number of employee options/performance rights issued post balance date:	-

(i) Employee options

Allotment Date	1/07/03 (ii)	8/03/04 (iii)	11/11/04 (iii)	28/01/05 (iv)	15/04/05 (v)	31/07/06 (vi)	Total Number
On issue at beginning of year	1,465,000	200,000	1,800,000	600,000	100,000	100,000	4,265,000
Issued during the year	-	-	-	-	-	-	-
Exercised during the year	(52,500)	-	-	-	-	-	(52,500)
Lapsed during the year	(1,412,500)	(200,000)	(925,000)	(400,000)	-	-	(2,937,500)
On issue at end of year	-	-	875,000	200,000	100,000	100,000	1,275,000
Exercised / lapsed subsequent to balance date	-	-	(425,000)	-	-	-	(425,000)
Outstanding at date of Directors' report	-	-	450,000	200,000	100,000	100,000	850,000
Number of participants	22	-	2	5	1	1	
Exercise price	\$0.71	\$1.31	\$1.60	\$1.60	\$1.60	\$1.60	
Exercisable from	1-Jul-05	1-Jul-05	1-Jul-07	1-Jul-07	1-Jul-07	1-Jul-07	
Expiration date	31-Mar-08	31-Mar-08	30-Sep-09	30-Sep-09	30-Sep-09	30-Sep-09	
Option value per share (vii)	\$0.29	\$0.42	\$0.95	\$0.91	\$0.70	\$0.41	
Weighted average share price at date exercised	\$1.58	-	-	-	-	-	

(i) July 2003 issued options with an exercise price of \$0.71 (excludes third tranche). These options vested in three stages, on 1 July 2005, 1 July 2006 and 1 July 2007, and were subject to the following performance hurdles.

If the company's share price growth performs better than the 50th percentile of the ASX 200 in the relevant years but not better than the 75th percentile, 62.5% of total options granted will vest and become exercisable as follows:

- 1 July 2005 - 25%
- 1 July 2006 - 25%
- 1 July 2007 - 12.5%

If the company's share price growth performs better than the 75th percentile of the ASX 200 in the relevant years then 100% of total options granted will vest and become exercisable as follows:

- 1 July 2005 - 37.5%
- 1 July 2006 - 37.5%
- 1 July 2007 - 25%

These options expired 31 March 2008.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008**25 SHARE-BASED PAYMENT PLANS (CONTINUED)****(a) Employee long term incentive plan (continued)****(i) Employee options (continued)**

- (ii) March 2004 issued options with an exercise price of \$1.31 (excludes third tranche). The options have the same terms, conditions and hurdles as those issued July 2003 (i) except for exercise price and grant date. These options expired 31 March 2008.
- (iii) November 2004 issued options with an exercise price of \$1.60, which expire 30 September 2009. Options may only be exercised if PMP's earnings per share (EPS) for any financial year ending 30 June 2007, 2008 or 2009 are met as follows:
- EPS is greater than or equal to \$0.23 but less than \$0.25, 25% of the options vest and become exercisable
 - EPS is greater than or equal to \$0.25 but less than \$0.26, 50% of the options vest and become exercisable
 - EPS is greater than or equal to \$0.26 but less than \$0.27, 75% of the options vest and become exercisable
 - EPS is greater than or equal to \$0.27, 100% of the options vest and become exercisable
- The above hurdles can be achieved at any time prior to expiry. As such, if hurdles are not achieved for the first two years but subsequently achieved in the third then all options become exercisable.
- (iv) January 2005 issued options with an exercise price of \$1.60, which expire on 30 September 2009. These options have the same terms, conditions and hurdles as those issued November 2004 (iii).
- (v) April 2005 issued options with an exercise price of \$1.60, which expire on 30 September 2009. These options have the same terms, conditions and hurdles as those issued November 2004 (iii).
- (vi) July 2006 issued options with an exercise price of \$1.60, which expire on 30 September 2009. These options have the same terms, conditions and hurdles as those issued November 2004 (iii).
- (vii) Options have been independently valued using the Binomial option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for options issued in the year ended 30 June 2007:

	31/07/06
Dividend yield	0%
Expected volatility	37%
Risk-free interest rate	5.84%
Expected life of option	2.5 years
Options exercise price	\$1.60
Share price at grant date	\$1.52

The expected life of the option has been calculated as the midpoint between the vesting date and the expiry date.

The expected volatility was based on historical PMP share price volatility.

The fair values do not contain any discount for forfeiture due to employees leaving before vesting.

(ii) Performance rights

Allotment Date	10/08/06 (i)	30/09/07 (ii)	Total Number
On issue at beginning of year	1,278,328	-	1,278,328
Issued during the year	-	1,729,043	1,729,043
Lapsed during the year	(324,893)	(156,424)	(481,317)
On issue at end of year	953,435	1,572,619	2,526,054
Lapsed subsequent to balance date*	(127,765)	(133,128)	(260,893)
Outstanding at date of Directors' report	825,670	1,439,491	2,265,161
Number of participants	8	17	
Vesting date (Following the announcement of the)	FY09 results	FY10 results	
Fair value per right - TSR hurdle (iii)	\$0.97	\$0.64	
Fair value per right - ROCE hurdle (iii)	\$1.51	\$1.38	

*: Unvested rights are forfeited on resignation. All of the rights that have lapsed subsequent to balance date were those that had been granted to David Rowland (Company Secretary throughout the periods presented) who ceased employment on 4 July 2008.

YEAR ENDED 30 JUNE 2008**25 SHARE-BASED PAYMENT PLANS (CONTINUED)**

- (i) August 2006, granted rights to the value of 50% of each participant's total employment cost. The number of rights granted was determined based on the weighted average share price for the one-week period up to and including the grant date (\$1.49). Performance rights entitle participants to receive PMP shares for nil cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY07, FY08 and FY09 as follows:
- PMP's Total Shareholder Return (TSR) exceeds the change in the ASX All Ordinaries Accumulation Index over the three year performance period, all rights subject to the TSR hurdle (being 50% of rights granted) will vest and be exercisable;
 - Return on Capital Employed (ROCE) performance over the three year performance period is at least equal to the target average ROCE set by the Board on commencement of the performance period, all rights subject to the ROCE hurdle (being 50% of rights granted) will vest and be exercisable.
- (ii) September 2007, granted rights to the value of between 25% - 50% of each participant's total employment cost. The number of rights granted was determined based on the Company's weighted average share price on the day of grant (\$1.51). Performance rights entitle participants to receive PMP shares for nil cost after vesting. Rights will only vest if relevant performance hurdles are achieved across the following three years FY08, FY09 and FY10 as follows:
- PMP's Total Shareholder Return (TSR) exceeds the change in the ASX All Ordinaries Accumulation Index over the three year performance period, all the rights subject to the TSR hurdle (being 50% of rights granted) will vest and be exercisable;
 - Return on Capital Employed (ROCE) performance over the three year performance period is at least equal to the target average ROCE set by the Board on commencement of the performance period, all rights subject to the ROCE hurdle (being 50% of rights granted) will vest and be exercisable.
- (iii) Of the rights granted in the year to 30 June 2008, those subject to the TSR hurdle have been independently valued using a Monte Carlo simulation and the Black Scholes model has been used to value the rights with a ROCE performance condition. In the prior year the share price at grant date is used to value the rights subject to the ROCE hurdle.

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

	8/10/2006	9/30/2007
Dividend yield	0%	3.31%
Expected volatility	36%	30%
Risk-free interest rate	5.94%	6.44%
Correlation	0.20%	0.31%
Share price at grant date	\$1.51	\$1.51

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

(b) CEO Share Option Scheme

Allotment Date	CEO 1 (i)
On issue at beginning of year and outstanding at date of directors' report	3,640,000
Number of participants	1
Exercise price	\$1.42
Exercisable from	8-Oct-08
Expiration date	30-Oct-10
Option value per share (ii)	\$0.61

- (i) October 2005 issued options with an exercise price of \$1.42, which expire 30 October 2010. The options may only be exercised if certain performance hurdles for any financial year ending 30 June 2008, 2009 or 2010 are met as follows:
- EPS is greater than or equal to \$0.21 but less than \$0.22, and PMP's Total Shareholder Return (TSR) exceeds the increase in the ASX 200 Commercial Services and Supplies Index ('ASX Index'), 1,210,000 of the options will vest and become exercisable;
 - EPS is greater than or equal to \$0.22 but less than \$0.23, and PMP's TSR exceeds the increase in the ASX Index, a further 1,210,000 of the options vest and become exercisable;
 - EPS is greater than or equal to \$0.23 and PMP's TSR exceeds the increase in the ASX Index, a further 1,220,000 of the options vest and become exercisable.

The above hurdles can be achieved at any time prior to expiry. As such, if hurdles are not achieved for the first two years but subsequently achieved in the third then all options become exercisable.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

25 SHARE-BASED PAYMENT PLANS (CONTINUED)

- (ii) Options have been independently valued using the Binomial option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for options above issued in the year ended 30 June 2006:

CEO 1	
Dividend yield	0%
Expected volatility	43%
Risk-free interest rate	5.33%
Expected life of option	4 years
Options exercise price	\$1.42
Share price at grant date	\$1.45

The expected life of the option has been calculated as the midpoint between the vesting date and the expiry date.

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

The expected volatility was based on historical PMP share price volatility.

Fully Paid Shares

Up to 360,000 fully paid PMP shares will be granted to Mr Evans - 120,000 shares vest annually after the first, second and third year of service from the commencement date (31 October 2005). This is to partially compensate Mr Evans for benefits foregone on resignation from John Fairfax Holdings Limited.

120,000 of these shares vested on 31 October 2006 and 31 October 2007 and a final 120,000 will vest on 31 October 2008.

26 KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

	PMP GROUP		PMP LIMITED	
	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employee benefits	5,927,757	5,749,802	4,410,513	3,758,087
Post employment benefits	198,099	239,530	144,603	116,170
Share-based payment*	(1,088,051)	1,411,535	(1,280,146)	1,236,927
Total compensation[^]	5,037,805	7,400,867	3,274,970	5,111,184

*: This is based on the accrued accounting value in accordance with AASB 2 Share-based payments. All options/rights valued in accordance with AASB 2 have been independently valued. In accordance with AASB 2 the non-market conditions associated with these options/rights were not taken into account when estimating the fair value at grant date. Instead, the number of options/rights expected to eventually vest is re-assessed at the end of each reporting period. This number was adjusted at 30 June 2008 resulting in a net credit to the income statement.

[^]: Termination payments of \$nil excluded (2007:\$649,000)

The company has applied the exemption under Amendment to Australian Accounting Standard - Key Management Personnel Disclosures by Disclosing Entities which exempts disclosing companies from the application of AASB 124 paragraphs AUS 25.2 to AUS25.6 and AUS 25.7.1 and AUS 25.7.2 as the requirements are now incorporated into the Corporations Law and are provided in the section titled "Remuneration Report" included in the Directors' Report designated as audited.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option/rights holding of key management personnel

2008	Balance	Granted as	Options/rights	Balance		Share Price at exercise/lapse date	Value at exercise date	Value at lapse date
	1 July 2007	remuneration	exercised <a>	Lapsed	30 June 2008			
R Alley	843,122	216,333	-	(175,000)	884,455	1.52	-	266,000
B Ashton	117,450	141,448	-	-	258,898	-	-	-
C Davison	217,450	119,981	-	-	337,431	-	-	-
B R Evans	3,880,000	-	(120,000)	-	3,760,000	1.69	202,912	-
D Rowland	715,266	133,128	-	(162,500)	685,894	1.52	-	247,000
R Shepherd	731,772	-	-	(731,772)	-	1.82	-	1,331,825
P Marfin*	75,503	99,846	-	-	175,349	-	-	-
C VanTil*	100,671	102,841	-	-	203,512	-	-	-
D Taylor	-	99,846	-	-	99,846	-	-	-
P De Fontenay	-	-	-	-	-	-	-	-
C Amos	797,484	-	-	(797,484)	-	1.71	-	1,363,698
Total	7,478,718	913,423	(120,000)	(1,866,756)	6,405,385			

2007	Balance	Granted as	Options/rights	Balance		Share Price at exercise/lapse date	Value at exercise date	Value at lapse date
	1 July 2006	remuneration	exercised <a>	Lapsed	30 June 2007			
R Alley	1,200,000	218,122	(575,000)	-	843,122	1.89	614,500	-
B Ashton**	-	117,450	-	-	117,450	-	-	-
C Davison	-	217,450	-	-	217,450	-	-	-
B R Evans	4,000,000	-	(120,000)	-	3,880,000	1.80	216,000	-
D Rowland	668,750	127,766	(81,250)	-	715,266	1.89	95,875	-
R Shepherd	825,000	106,772	(200,000)	-	731,772	1.93	124,000	-
C Amos	762,500	122,484	(87,500)	-	797,484	1.52	70,875	-
S McIntyre	100,000	-	-	(100,000)	-	-	-	20,000
A Williams	870,000	117,450	(170,000)	(817,450)	-	1.89	200,600	105,000
Total	8,426,250	1,027,494	(1,233,750)	(917,450)	7,302,544			

*: Identified as key management personnel in the current year

**: Granted as remuneration in the financial year ended 30 June 2007, but prior to 13 June 2007

<a> No amounts remain unpaid as at the date of this report

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Share holding of key management personnel

2008	Balance 1 July 2007	On exercise of options/rights	Purchases	Sales	Balance 30 June 2008
Directors					
J R Donnelley	1,863,343	<a> 	-	-	N/A
I L Fraser	98,718	<a>	17,530	(50,781)	65,467
P George	39,872	<a>	18,140	-	58,012
M A Griffin	171,476	<a>	15,806	(35,000)	152,282
Ng JS	-	<a>	-	-	-
B R Evans	120,000	120,000	-	-	240,000
G J Reaney	514,416	<a>	32,785	-	547,201
Total	2,807,825	120,000	84,261	(85,781)	1,062,962

	Balance 1 July 2007	On exercise of options/rights	Purchases	Sales	Balance 30 June 2008
Executives					
R Allely	-	-	-	-	-
B Ashton	-	-	-	-	-
C Davison	-	-	-	-	-
D Rowland	-	-	-	-	-
P Martin	-	-	-	-	-
C Vantill	-	-	-	-	-
D Taylor	-	-	-	-	-
P De Fontenay	-	-	-	-	-
M Allan	-	-	-	-	-
R Shepherd	-	-	-	-	-
C Amos	-	-	-	-	-
Total	-	-	-	-	-

<a> No Directors, other than B R Evans, have been issued with any options/rights prior to or during the current financial year

 J R Donnelley resigned 09/08/07. Between the start of the financial year ending 30 June 2008 and the date of his resignation, there had been no changes in his share holding.

2007	Balance 1 July 2006	On exercise of options/rights	Purchases	Sales	Balance 30 June 2007
Directors					
J R Donnelley	1,797,868	<a>	65,475	-	1,863,343
I L Fraser	82,464	<a>	16,254	-	98,718
P George	22,015	<a>	17,857	-	39,872
M A Griffin	156,035	<a>	15,441	-	171,476
B R Evans	-	120,000	-	-	120,000
D M Morris	236,540	<a>	3,879	(240,419)	-
G J Reaney	852,403	<a>	32,013	(370,000)	514,416
Total	3,147,325	120,000	150,919	(610,419)	2,807,825

	Balance 1 July 2006	On exercise of options/rights	Purchases	Sales	Balance 30 June 2007
Executives					
R Allely	51,000	575,000	-	(626,000)	-
B Ashton	-	-	-	-	-
C Davison	-	-	-	-	-
D Rowland	-	81,250	-	(81,250)	-
R Shepherd	-	200,000	-	(200,000)	-
C Amos	-	87,500	-	(87,500)	-
S McIntyre	-	-	-	-	-
A Williams	-	170,000	-	(170,000)	-
Total	51,000	1,113,750	-	(1,164,750)	-

<a> No Directors, other than B R Evans, have been issued with any options/rights prior to or during the current financial year

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

27 RELATED PARTIES

(a) Key management personnel

Details of key management personnel, including remuneration, are included in the section titled "Remuneration Report" included in the Directors' report. No key management personnel received or is entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments. Any transactions with key management personnel are made on normal commercial terms and conditions.

(b) Key management personnel shareholdings

This information is disclosed in Note 26 and within the "Remuneration Report" included in the Directors' Report.

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

PMP Print Pty Limited is a party to a printing technology agreement with R.R. Donnelley & Sons Company (J R Donnelley - resigned 09/08/07). During the period in which J R Donnelley was a Director \$nil (2007: \$35,614) was paid to RR Donnelley & Sons Company for the provision of goods and services in the ordinary course of business.

During the year \$12,741 (2007: \$118,683) was paid by Nylex Ltd for printing services. (P George and I L Fraser are on the Nylex Board of Directors).

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

Details of controlled entities are set out in Note 22. The entities and PMP conduct business transactions between themselves.

Such transactions include the purchase and sale of goods, services, plant and equipment and the receipt and payment of management fees, dividends and interest. All such transactions are conducted on the basis of normal commercial terms and conditions. PMP Limited has made a \$360.4m allowance for the provision of doubtful debts regarding related parties (2007:\$578.0m).

(e) Transactions with other related parties

	2008 \$'000	2007 \$'000
The PMP Group has conducted business in the nature of goods and services provided with the following associated entities*:		
Promentum Limited - Print services	-	860
- Sheeffed services	-	(14,364)

All dealings with this entity are in the ordinary course of business and on normal terms and conditions.

*: Details of transactions relates to the period up until a related party relationship existed. Refer to Note 10 for further details.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

28 BUSINESS COMBINATIONS

Acquisition of Times Printers (Australia) Pty Limited

Effective 21 September 2007, the Group acquired 100% of the issued share capital of Times Printers (Australia) Pty Limited, a company based in Australia. Times Printers (Australia) Pty Limited's principal activity is providing integrated printing services including books, magazines, advertising flyers, directories and packaging. On 29 November 2007 the company changed its name to Argyle Print Pty Ltd.

The total cost of the combination was \$77,206,000 and comprised an issue of equity instruments, payment of cash and costs directly attributable to the combination. The Group issued 39,020,117 ordinary shares with a fair value of \$1.50 each, based on the quoted price of the shares of PMP Limited on the acquisition date.

The net assets acquired in the business combination and the resultant discount on acquisition are as follows:

	Book value \$'000	Fair value adjustments \$'000	Fair value \$'000
Overdraft	(156)	-	(156)
Trade and other receivables	9,934	-	9,934
Inventory	4,366	(281)	4,085
Property, plant and equipment	74,659	(836)	73,823
Deferred tax asset	466	-	466
Tax losses	1,254	(1,254)	-
Trade and other payables	(7,567)	271	(7,296)
Deferred tax liabilities	(2,361)	2,361	-
	80,595	261	80,856
Discount on acquisition (included within other revenue)			(3,650)
Cost of acquisition			77,206

Cost of acquisition:	PMP GROUP		PMP LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Shares issued, at fair value	58,529	-	58,529	-
Cash paid	18,528	-	18,528	-
Final completion refund due	(1,082)	-	(1,082)	-
Direct costs of the combination	1,231	-	1,231	-
Total cost of acquisition	77,206	-	77,206	-
The cash outflow on acquisition is as follows:				
Net overdraft acquired with the subsidiary	(156)	-	-	-
Cash paid on completion	(18,528)	-	(18,528)	-
Costs of acquisition	(1,231)	-	(1,231)	-
Net consolidated cash outflow	(19,915)	-	(19,759)	-

The initial accounting for the acquisition has only been provisionally determined at reporting date as the final completion refund has yet to be received.

Since acquisition, Argyle Print Pty Ltd has contributed a loss before tax of \$1,713,000 (after significant items) to the result of the Group.

2007

During the year ended 30 June 2007, the PMP Group made the following acquisitions:

Cebury Group

Effective 1 July 2006, the PMP Group acquired the remaining 25% of the voting share capital of the Cebury Group Limited. At 30 June 2007 the total consideration payable amounted to \$3.3 million, of which \$2.1 million had been paid and the remaining \$1.1 million (reported at net present value) was deferred and payable in August 2007. \$0.3 million of the deferred payment was contingent upon the performance of the acquired entity over the financial year ended 30 June 2007. Goodwill amounted to \$2.1 million. Final settlement occurred in August 2007 for \$0.14 million less than previously provided, goodwill reduced by the same amount.

Mercury Subs Limited

Effective 1 July 2006, the PMP Group acquired the remaining 25% of the voting share capital of Mercury Subs Limited (previously acquired the Magazzino Subscription Services Business) for consideration of \$0.04 million. Goodwill amounted to \$0.08 million. The sale of Mercury Subscriptions was completed on 21 July 2008. At 30 June 2008 the assets and liabilities of Mercury Subscriptions were at fair value and as a result the financial impact of this transaction in the year ended 30 June 2009 is expected to be \$nil.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008	PMP GROUP	
	2008 Number No. '000	2007 Number No. '000
29 EARNINGS PER SHARE		
(a) Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	328,404	299,749
Effect of dilutive securities:		
Share options*	136	3,454
Weighted average number of shares used in the calculation of diluted earnings per share	328,540	303,203

*: The weighted average number of exercised/lapsed share options included is 15,951 (2007: 492,198)

Options which are considered anti-dilutive and excluded from the calculation of diluted earnings per share at 30 June 2008 amount to 3,485,938 (2007: 240,000). These options could potentially dilute basic earnings per share in the future.

	PMP GROUP	
	2008 \$'000	2007 \$'000
(b) Earnings		
Net profit after income tax	78,925	46,385
Earnings used in calculating basic and diluted earnings per share	78,925	46,385

30 CASH FLOW STATEMENT NOTES

NOTES	PMP GROUP		PMP LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Reconciliation of cash provided by operating activities to operating profit after income tax				
Operating profit after income tax	78,925	46,385	276,425	1,348
Adjustments for non-cash items:				
Depreciation	2(e) 40,069	35,984	1,823	2,241
Amortisation	2(e) 760	1,043	-	-
Impairment of goodwill	2(c) 1,009	-	-	-
Impairment of plant & equipment	2(c) 7,467	-	-	-
Provision/(credit) for doubtful debts/bad debts written off	745	666	(217,441)	15
Discount on acquisition	2(a) (3,650)	-	-	-
Provision for employee benefits	1,830	1,548	542	617
Movement in provision for tax	566	1,065	566	1,151
(Profit)/loss on disposal of property, plant and equipment	2(a), 2(c) (129)	2,799	46	425
Profit on sale of associated entities	10(a) -	(7,821)	-	-
Share-based payment plans	2(c) (1,169)	1,373	(1,169)	1,373
Non-cash superannuation expense/(income)	24(a) 366	269	(391)	(331)
Other non-cash items	(630)	2,364	(18,801)	-
Change in assets and liabilities:				
Accounts receivable	Decrease/(Increase) 17,375	(13,055)	(1,876)	(4,654)
Inventories	(Increase) (10,758)	(871)	-	-
Liabilities	(Decrease)/increase (10,197)	33,701	1,224	9,746
Non-current assets	(Increase)/decrease (37,467)	1,140	(38,225)	(6,836)
Prepayments and other assets	(Increase)/decrease (1,440)	(2,198)	(8,911)	153
Net cash provided by/(used in) operating activities	83,672	104,392	(6,188)	5,248

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

30 CASH FLOW STATEMENT NOTES (CONTINUED)

	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(b) Reconciliation of cash					
Cash		7,098	4,121	17	-
Overdraft	15(a)	(91)	(90)	(93)	(93)
Total cash		7,007	4,031	(76)	(93)

31 FINANCIAL INSTRUMENTS

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

Categories of financial instruments

The group and the parent entity hold the following categories of financial instruments:

	NOTES	PMP GROUP		PMP LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial assets					
Cash and cash equivalents	30	7,098	4,121	17	-
Trade and other receivables	5, 8	142,525	152,645	579,096	373,503
Derivative financial instruments	7	4,789	5,562	-	-
Other	8	240	240	-	-
		154,652	162,568	579,113	373,503
Financial liabilities					
Trade and other payables	14	185,520	182,076	436,545	435,138
Interest bearing liabilities	15	206,743	259,260	93	93
Derivative financial instruments	17	-	10,496	-	-
		392,263	451,832	436,638	435,231

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

31 FINANCIAL INSTRUMENTS (CONTINUED)

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

(a) Hedging policy - overview

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

- a) It does not trade in derivatives that are not used in hedging the underlying business exposure of the economic entity;
- b) All hedging is undertaken through the Group's central treasury operation and is in accordance with Board approved policies.

(b) Interest Rate Management

The Group enters into fixed rate instruments to manage the cash flow risks associated with the interest rates on borrowings that are floating. Interest rate instruments allow the Group to swap floating rate borrowings into fixed rate borrowings in accordance with the PMP Group policy. These activities are regularly evaluated to ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet financial obligations and to ensure compliance with borrowing covenants.

(i) Interest rate risk exposure

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

2008	Note	Floating interest rate \$000	Fixed Interest maturing in 1 year or less \$000	1 to 2 years \$000	2 to 5 years \$000	Non-interest bearing \$000	Total \$000
Financial assets							
Cash and deposits		7,098	-	-	-	-	7,098
Receivables	5,8	-	-	-	-	142,525	142,525
Other financial assets	8	-	-	-	-	240	240
Total financial assets		7,098	-	-	-	142,765	149,863
Weighted average interest rate		6.5%	-	-	-		
Financial liabilities							
Payables	14	-	-	-	-	(185,520)	(185,520)
Bank Overdrafts	15	(91)	-	-	-	-	(91)
Bank Loans	15	(205,658)	-	-	-	-	(205,658)
Other Loans	15	-	-	-	-	-	-
Finance lease liabilities	15	-	(229)	(765)	-	-	(994)
Total recognised financial liabilities		(205,749)	(229)	(765)	-	(185,520)	(392,263)
Hedging instruments		183,923	(55,000)	(56,746)	(72,177)	-	-
Financial liabilities including hedging activities		(14,728)	(55,229)	(57,511)	(72,177)	(42,755)	(242,400)
Weighted average interest rate		7.1%	5.4%	6.3%	6.4%		

2007	Note	Floating interest rate \$000	Fixed Interest maturing in 1 year or less \$000	1 to 2 years \$000	2 to 5 years \$000	Non-interest bearing \$000	Total \$000
Financial assets							
Cash and deposits		4,121	-	-	-	-	4,121
Receivables	5,8	-	-	-	-	152,645	152,645
Other financial assets	8	-	-	-	-	240	240
Total financial assets		4,121	-	-	-	152,885	157,006
weighted average interest rate		5.8%	-	-	-		
Financial liabilities							
Payables	14	-	-	-	-	(182,076)	(182,076)
Bank Overdrafts	15	(90)	-	-	-	-	(90)
Bank Loans	15	(199,389)	-	-	-	-	(199,389)
Other Loans	15	-	(58,241)	-	-	-	(58,241)
Finance lease liabilities	15	-	(644)	(896)	-	-	(1,540)
Total recognised financial liabilities		(199,479)	(58,885)	(896)	-	(182,076)	(441,336)
Hedging instruments		191,236	-	(70,000)	(121,236)	-	-
Financial liabilities including hedging activities		(4,122)	(58,885)	(70,896)	(121,236)	(29,191)	(284,330)
Weighted average interest rate		7.6%	4.3%	5.5%	5.7%		

PMP Limited's receivables and payables are non-interest bearing. Cash and overdraft amounts are at the floating interest rate applicable to the PMP Group.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest Rate Management (continued)

ii) Fair value of interest rate swaps

	NOTES	PMP GROUP	
		2008 \$'000	2007 \$'000
Australian Dollar interest rate swaps		3,617	3,007
New Zealand Dollar interest rate swaps		1,114	2,555
Total fair value of interest rate swaps	7	4,731	5,562

At 30 June 2008, \$0.5 million has been expensed in the income statement (2007: \$2.8 million credited).

iii) Interest rate sensitivity analysis

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

	PMP GROUP Net profit impact at 30 June	
	2008 \$'000	2007 \$'000
Interest rates increase 1%	2,203	2,090
Interest rates decrease 1%	(2,203)	(2,090)

The impact of the same variance on PMP Limited would have been \$nil.

(c) Foreign exchange management

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

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

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

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

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

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign exchange management (continued)

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

	Average exchange rate		PMP GROUP	
	2008 \$	2007 \$	2008 \$'000	2007 \$'000
United States Dollars - less than one year	0.92	0.83	12,004	19,346
UK Pounds - less than one year	0.46	0.42	537	910
Euro - less than one year	0.61	0.62	4,589	(213)
			17,130	20,043

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

	Average exchange rate		NZ Dollars Average fixed rate		Australian Dollar Equivalent PMP GROUP	
	2008 \$	2007 \$	2008 NZD \$'000	2007 NZD \$'000	2008 \$'000	2007 \$'000
United States Dollars - less than one year	0.76	0.68	31,826	27,329	25,167	24,808
UK Pounds - less than one year	0.37	0.35	914	1,575	723	1,430
Australian Dollars - less than one year	1.20	1.15	442	5,127	350	4,654
			33,182	34,031	26,240	30,892

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

	Average exchange rate		PMP GROUP	
	2008 \$	2007 \$	2008 \$'000	2007 \$'000
US Dollars - less than one year	0.85	-	886	-
Euros - less than one year	-	0.56	-	66,181
			886	66,181

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

iv) Fair value of forward exchange contracts

	NOTES	PMP GROUP	
		2008 \$'000	2007 \$'000
Australian entity - relating to receipts and payments		(443)	(106)
New Zealand entity - relating to receipts and payments		599	(2,879)
Australian entity - relating to capital expenditure		(98)	(7,511)
Total fair value of forward exchange contracts		58	(10,496)
Comprised of:			
Financial assets - current	7	58	-
Financial liabilities - current	17	-	(10,496)
Total fair value of forward exchange contracts		58	(10,496)

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008**31 FINANCIAL INSTRUMENTS (CONTINUED)****(c) Foreign currency management (continued)****iv) Fair value of forward exchange contracts (continued)**

At 30 June 2008, a \$0.7 million debit (2007: \$7.0 million debit) has been recognised within the income statement and a \$0.2 million credit, excluding tax effect, (2007: \$2.7 million debit) is included within the cash flow hedge reserve in equity. \$nil was transferred to property, plant and equipment during the financial year ended 30 June 2008 (2007: \$0.1 million).

v) Foreign currency sensitivity risk

The following table shows the effect on equity excluding tax effect as at 30 June from a 10 percent adverse / favourable movement in exchange rates at that date on a total portfolio basis with all other variables held constant, taking into account all underlying exposures and related hedges.

Adverse versus favourable movements are determined relative to the underlying exposure. An adverse movement in exchange rates implies an increase in the Group's foreign currency risk exposure and a worsening in financial position. A favourable movement in exchange rates implies a reduction in foreign currency risk exposure and an improvement in financial position.

A sensitivity of 10 percent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. Comparing the Australian dollar exchange rate against the New Zealand dollar, the year end rate of 1.2646 would generate a 10 percent adverse position of 1.3911 and a favourable position of 1.1496. This range is considered reasonable given the historical ranges that the currency pair has traded over the last 3 years.

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

For the PMP Group, foreign currency translation risk associated with PMP's foreign investments results in some volatility to the foreign currency translation reserve. The impact on the foreign currency translation reserve relates to the translation of the net assets of foreign currency controlled entities on consolidation.

	PMP GROUP	
	Equity (cash flow hedging reserve) at 30 June	
	2008 \$000's	2007 \$000's
If there was a 10% adverse movement in exchange rates with all other variables held constant - increase / (decrease)	(4,018)	(4,536)
If there was a 10% favourable movement in exchange rates with all other variables held constant - increase / (decrease)	3,662	4,135

	PMP ENTITY	
	Equity (cash flow hedging reserve) at 30 June	
	2008 \$000's	2007 \$000's
If there was a 10% adverse movement in exchange rates with all other variables held constant - increase / (decrease)	-	-
If there was a 10% favourable movement in exchange rates with all other variables held constant - increase / (decrease)	-	-

(d) Liquidity risk management

Liquidity risk is the risk that funds may be insufficient to settle a transaction on the due date, and the Group may be forced to sell financial assets at a value which is below what they are worth, or be unable to settle or recover a financial asset at all.

PMP manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continually monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities (note 15(d)).

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

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

31 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity management (continued)

PMP GROUP						
30 June 2008	Weighted Avg effective interest rate %	Carrying Amount \$'000	Contractual cash flows \$'000	Less than one year \$'000	1 to 2 years \$'000	2 to 5 years \$'000
Interest bearing liabilities						
Bank Loans	7.8%	215,615	259,895	16,913	73,811	169,171
Finance lease liabilities	10.8%	994	1,161	331	830	-
Interest Rate Swaps*	6.1%	(4,731)	(5,349)	(610)	(1,327)	(3,412)
Forward FX Contracts						
- inflows	-	4	(480)	(480)	-	-
- outflows	-	(63)	44,847	44,847	-	-
Payables	-	185,520	185,520	185,468	52	-
Total		397,339	485,594	246,469	73,366	165,759

30 June 2007	Weighted Avg effective interest rate %	Carrying Amount \$'000	Contractual cash flows \$'000	Less than one year \$'000	1 to 2 years \$'000	2 to 5 years \$'000
Interest bearing liabilities						
Bank Loans	6.9%	206,402	255,508	90	65,830	189,588
Finance lease liabilities	9.8%	1,540	1,860	597	1,263	-
Interest Rate Swaps*	5.6%	(5,562)	(6,266)	-	(1,208)	(5,058)
Forward FX Contracts						
- inflows	-	(11)	(697)	(697)	-	-
- outflows	-	8,442	121,744	121,744	-	-
Payables	-	182,076	182,076	182,073	3	-
Total		392,887	554,225	303,807	65,888	184,530

*: Net Amounts for interest rate swaps for which net cash flows are exchanged

(e) Credit Risk

Credit risk is the risk that a counterparty will default on their financial obligations resulting in financial loss to the Group. Credit risk exists from cash and cash equivalents, trade and other receivables and derivative financial instruments. The Group's exposure to credit risk arises from the potential default of the counter party, with a maximum exposure equal to the carrying value of these assets net of any provision for doubtful debts (refer to note 5).

The credit risk on cash and cash equivalents and financial instruments is limited as the counterparties are financial institutions with credit ratings of A- or higher. Also, PMP has policies that limit the amount of credit exposure to any one financial institution.

PMP has an approved Credit Policy Manual which provides guidelines for the management of credit risk. This provides guidance for the way in which the credit risk of customers is assessed, and the use of credit risk rating and other information in order to set appropriate trading limits with customers.

In some instances security may be required to be supplied to PMP from customers to minimise risk. The security is either in the form of Director guarantees for their business which is secured over a residential property or 50% upfront of payment of the trade is required before executing the sale.

Notes to and forming part of the financial statements

YEAR ENDED 30 JUNE 2008

31 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Capital management

PMP Limited's capital management plan over the medium term is to achieve a target capital structure and to optimise financial returns to shareholders based on the following considerations:

- Delivering the most efficient capital structure and reducing the Group's weighted average cost of capital (WACC);
- The capability to service debt and meet financial covenant constraints consistent with an investment grade rating;
- Listed comparables and market expectations;
- Retaining flexibility for PMP to pursue attractive investment opportunities including acquisitions, organic growth and share buy-backs.

The group has a target gearing level in the range of 50% to 75% debt to equity, and at 30 June 2008 were at the lower end of this range at 50.5%.

With current market volatility high, the company seeks to retain flexibility through maintaining a gearing ratio towards the lower end of the range over the next 12-24 months. We believe that investors will expect PMP to maintain maximum flexibility by retaining capital for investment opportunities as outlined above.

On 14 August 2008 PMP announced its intention to conduct a 5% on market share buy-back.

PMP announced on 14 August 2008 a final dividend of 3 cents per share for fiscal 2008, (60% franked). This takes the total dividend payment for the financial year to 4.5 cents per share.

The company is currently examining the possibility of strategic acquisitions which would provide for a logical extension of the company's current business plan. A number of possibilities are under close examination both internally and in conjunction with our external professional advisors. The Board considers that there is a significant possibility that appropriate opportunities will arise before the end of the financial year 30 June 2009.

(g) Fair values

Except as presented in 31(b)(ii) fair value of interest rate swaps and 31(c)(iv) fair value of forward exchange contracts above, the fair value of all financial assets and liabilities equates to the carrying value.

32 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 Pac Rim Finance (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.

33 SUBSEQUENT EVENTS

Except as disclosed in note 4, note 28, and note 31(f) the directors are not aware of any other matter or circumstance not otherwise dealt with in this report or consolidated financial statements that have arisen since the balance sheet date, 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.