



print mail logistics limited **annual report 2008-2009**

ACN 103 116 856





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## DIRECTORS' REPORT

Your directors present their report on the parent entity and its controlled entities for the year ended June 30, 2009.

### Directors

The names of the directors of the economic entity in office at any time during the financial year and until the date of this report were:

- Robert Keith Stewart (Chairman)
- Nigel Benjamin Elias (Managing Director)
- John William Woods (appointed June 1, 2009)
- Anthony Richard Lewis (removed at a general meeting of shareholders on November 28, 2008)
- Lance David Bear (appointed November 1, 2008 resigned May 9, 2009)
- Robert Craig Cameron (appointed May 8, 2009 resigned June 19, 2009)

### Information on Directors

**Robert K Stewart** - Chairman (Non-executive)

Mr Stewart is Chairman of the Board, having been appointed a Director of the parent entity in June 2007.

Mr Stewart has been duly admitted to the degree of Bachelor of Economics (Monash University).

Mr Stewart brings to his role as Chairman 30 years' experience in financial markets and related fields.

Mr Stewart's special responsibilities include business development and corporate liaison.

Mr Stewart has a beneficial interest in 134,000 ordinary shares in the parent entity.

**Nigel B Elias** - Managing Director (Executive)

Mr Elias is Managing Director of the parent entity having been appointed Chief Executive Officer and Director of the parent entity in June 2004.

Mr Elias has been duly admitted to the degree of Bachelor of Arts (University of Lancaster, UK) and Master of Business Administration (Columbia University, USA).

Mr Elias has extensive national and international experience as a company director and CEO of organisations including the GenaWare Group and Australian Card Services. Other roles have included key positions with the Bank of Montreal, Mercantile Bank of Canada, Canadian Commercial and Industrial Bank, Citicorp Australia and CIBC Australia.

Mr Elias is responsible for all aspects of the economic entity's activities.

Mr Elias has a beneficial interest in 1,156,300 ordinary shares in the parent entity.

## DIRECTORS' REPORT (continued)

**John W Woods** - Director (Non-executive)

Mr Woods is a non-executive director having been appointed a Director of the parent entity in June 2009.

Mr Woods is a Fellow of the Institute of Chartered Accountants in Australia and has held the positions of Chairman of the Institute's State Council in Tasmania, Chairman of the State Membership Committee and has been a member of the National Membership Committee, the National Disciplinary Committee, the National Education Committee and a member of the National Examination Committee.

In addition to being a registered Company Liquidator since 1975, Mr Woods is an Official Liquidator, is a registered Tax Agent and, until 2008, a Company Auditor. Mr Woods currently sits on the Tasmanian Regional Liaison Committee of the Australian Securities and Investment Commission and is a past member of the Tasmanian Auditors and Liquidators Disciplinary Board.

Mr Woods' special responsibilities include that of Chairman of the Audit and Risk Management Committee.

Mr Woods does not hold a beneficial interest in shares in the parent entity.

### Meetings of Directors

During the financial year 22 meetings of directors were held. Attendances by each director during the year were as follows;

- |                          |                         |
|--------------------------|-------------------------|
| • Robert Keith Stewart:  | 22 (out of 22) meetings |
| • Nigel Benjamin Elias:  | 16 (out of 22) meetings |
| • John William Woods:    | 3 (out of 6) meetings   |
| • Anthony Richard Lewis: | 4 (out of 7) meetings   |
| • Lance David Bear:      | 3 (out of 10) meetings  |
| • Robert Craig Cameron:  | 3 (out of 4) meetings.  |

There were no committee meetings held during the financial year.

### Company Secretary

The following persons held the position of company secretary at the end of the financial year:

Mr Ian Brian Hopkins – Bachelor of Commerce (University of New South Wales), CPA. Mr Hopkins was appointed company secretary on 2 June 2004. Mr Hopkins is a Company Secretary at Allens Arthur Robinson Corporate Pty Ltd and has 18 years experience as a Company Secretary.

Mr Adrian Joseph Pereira – Bachelor of Commerce (University of Tasmania), CA. Mr Pereira was appointed Company Secretary on 25 January 2007. Mr Pereira is the Chief Financial Officer of the parent entity with 4 years experience in that role together with 4 years experience in a public Chartered Accounting firm.

### Principal Activities

The principal activities of the economic entity during the financial year were the provision of (i) printing and mailing and (ii) commercial consulting services.

## DIRECTORS' REPORT (continued)

The challenges faced by the parent entity over the year were significant. In addition to the usual operational concerns, which shall be referred to later, there were numerous issues raised in consequence of the Global Financial Crisis. From the perspective of the parent entity the major impact was the entering into external administration of three related entities, one of which was a shareholder, one of which was a creditor and one of which was a shareholder and a creditor.

In July 2008 the parent entity ceased to rely on factoring as a means of funding its day to day operations.

In October 2008 the three related entities referred to above went into external administration.

In order to strengthen the balance sheet of the parent entity in each of December 2008 and February 2009 a non-renounceable rights issue was undertaken. A total of \$834,675 was raised by way of these rights issues.

The consequences of the insolvency of the creditors referred to above, the removal of a director required by way of a general meeting of shareholders and the undertaking of the rights issues resulted both in significant legal costs being incurred – estimated at \$55,600 – as well as the devotion of a considerable amount of management time to protect the interests of the parent entity.

In June 2009 the unsecured loan of \$410,000 extended by one of the parent entity's creditors in external administration was repaid.

In December 2008, January 2009 and June 2009 the parent entity repaid one of its creditors in external administration secured convertible notes "B", "C", and "D" respectively - each with a face value of \$250,000.

Your Board is currently reviewing a number of options, including the possibility of an Initial Public Offering, to further strengthen the balance sheet of the parent entity.

Over the course of the year the offset printing market in Tasmania has been characterised by over capacity with a number of industry participants operating at margins which, in the opinion of the management of the parent entity, are unsustainable. However, the digital variable data market has shown some resilience as both governmental and corporate organisations seek to conduct their businesses with increased efficiency.

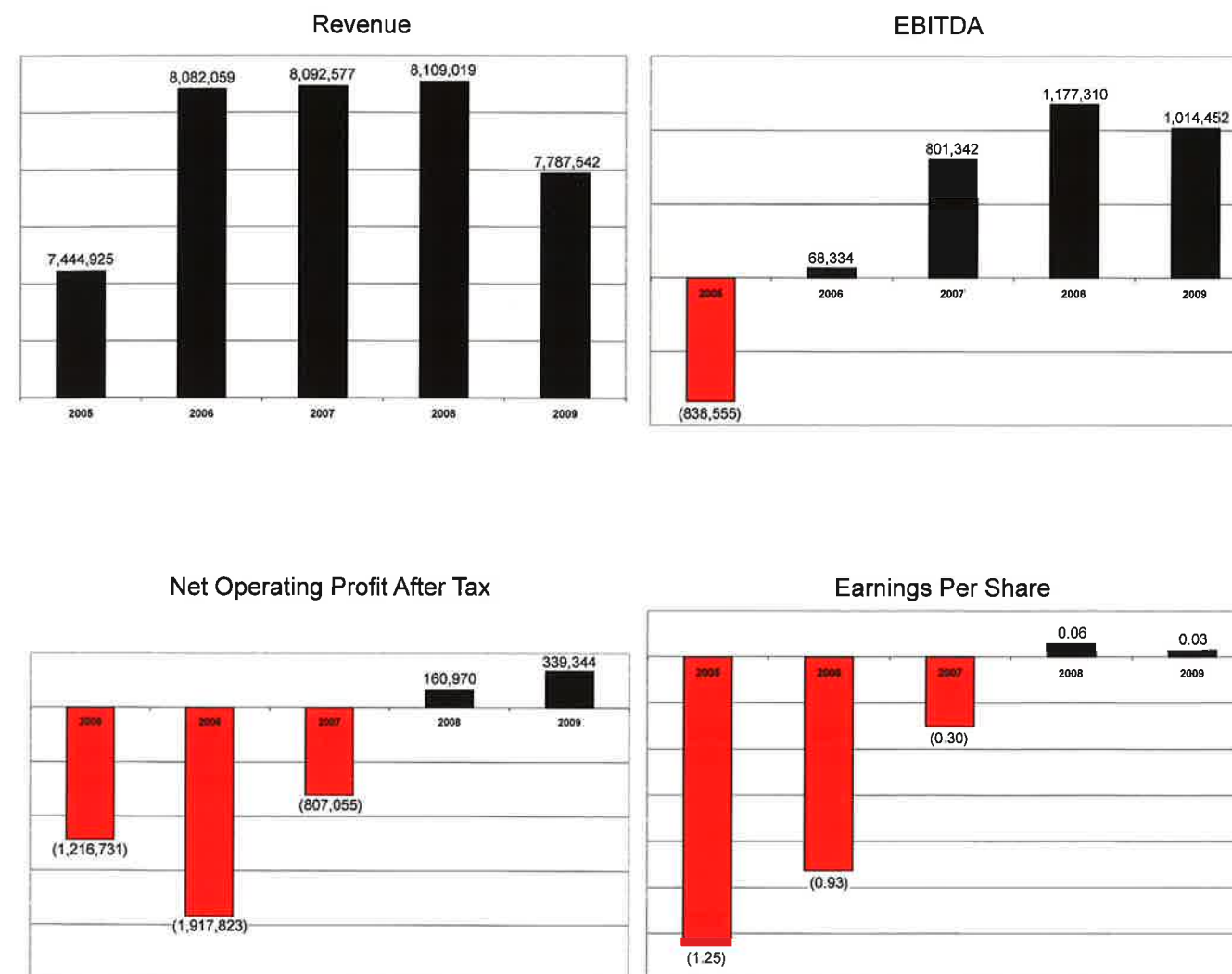
Notwithstanding the turmoil over the past twelve months your Board considers the results of the economic entity to be satisfactory and looks forward to a year in which the challenges to the economic entity will, hopefully, moderate.

## Operating Results

The consolidated profit of the economic entity after providing for income tax and eliminating minority equity interests for the year ended 30 June 2009 increased to \$ 339,344 (2008: \$ 160,970) after recognising an income tax benefit of \$ 136,953.

The charts on the following page demonstrate the consistent improvement in operations achieved under the current management structure.

## DIRECTORS' REPORT (continued)



## DIRECTORS' REPORT (continued)

### Dividends

There were no dividends declared during the 2009 financial year (2008: Nil).

### Significant Changes in the State of Affairs

Two separate non-renounceable rights issues were undertaken in each of December 2008 and February 2009 in order to strengthen the balance sheet of the parent entity. A total of \$ 834,675 was raised by way of these rights issues.

### Significant Events After Balance Date

The parent entity will consider an Initial Public Offering in September, 2009. A prospectus will be made available when the shares are offered. In order to apply for shares in the parent entity, applicants will be required to complete the application form that will be in or will accompany the prospectus.

### Future Developments and Results

With the objective of maximising the economic entity's net worth over the next year, the economic entity proposes to increase revenue by way of deploying additional sales resources outside of Tasmania.

### Environmental Standards and Regulations

The economic entity takes all reasonable action to ensure that it meets general environmental standards and regulations.

### Indemnifying Officers or Auditors

In June 2009 the parent entity entered into a deed of access, insurance and indemnity ("Deed") with each of the following directors:

Mr Robert K Stewart  
Mr Nigel B Elias  
Mr John W Woods.

The parent entity has undertaken to indemnify each director in certain circumstances and to maintain Directors' and Officers' insurance cover in favour of each director for seven years after the director has ceased to be a director.

To the extent permitted by law and to the extent available in the market at a cost that would not be unfairly prejudicial to the parent entity, the parent entity must, for the duration of the Deed and for the period ended 7 years after the director has ceased to be an officer of the parent entity;

- maintain and pay the premium on a Directors and Officers insurance policy; or
- ensure that a related body corporate, as defined by section 9 of the Corporations Act 2001 maintains and pays the premium on a Directors and Officers insurance policy.

The parent entity intends to execute a Directors and Officers insurance policy in August 2009.

During or since the end of the financial year, the parent entity has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums to indemnify the external auditor.

## DIRECTORS' REPORT (continued)

### Share Options

The parent entity does not have a share option scheme and there are no options on issue as at the date of signing the Director's report.

### Employees

As at 30 June 2009 the parent entity employed 39.60 full-time equivalent staff (2008: 36.40).

### Proceedings on Behalf of the Parent Entity

No person has applied for leave of the Court to bring proceedings on behalf of the parent entity or intervene in any proceedings to which the parent entity is a party for the purpose of taking responsibility on behalf of the parent entity for all or any part of those proceedings.

The parent entity was not a party to any such proceedings during the year.

### Non-Audit Services

The Board of directors, in accordance with advice from the Chief Financial Officer, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Board of directors, in accordance with advice from the Chief Financial Officer prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid / are payable to the external auditors during the year ended 30 June 2009:

Taxation advice	<u>\$8,000.00</u>
<b>Total</b>	<b><u>\$8,000.00</u></b>

### Registered Office

The registered office of Print Mail Logistics Limited is located at:

Level 5  
Deutsche Bank Place  
126 Phillip Street  
Sydney  
New South Wales 2000



## DIRECTORS' REPORT (continued)

### Principal Place of Business

The principal place of business of Print Mail Logistics Limited is located at:

Ground Floor  
30 Davey Street  
Hobart  
Tasmania 7000

### Corporate Structure

Print Mail Logistics Limited is a company limited by shares and is incorporated and domiciled in Australia.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the directors.



Nigel B Elias  
Director

28<sup>th</sup> July 2009  
Hobart, Tasmania

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PRINT MAIL LOGISTICS LIMITED

**ruddicks**  
CHARTERED ACCOUNTANTS

### Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 To the Directors of Print Mail Logistics Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (1) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (2) no contraventions of any applicable code of professional conduct in relation to the audit.

Ruddicks  
102 Tamar Street  
LAUNCESTON TAS 7250

Date: 29 July 2009

Signed:   
R J Ruddick



Robert J Ruddick B.A. Craig A Leighton B.A.

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## INCOME STATEMENT

YEAR ENDED 30 JUNE 2009	Notes	ECONOMIC ENTITY		PARENT ENTITY	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>REVENUE</b>	2	7,787,542	8,109,019	8,080,818	7,709,738
Raw materials and consumables used		(2,836,666)	(3,376,646)	(2,836,666)	(3,376,646)
Changes in inventories of finished goods and work in progress		(25,766)	(30,721)	(25,766)	(30,721)
Salaries and employee benefits expense		(2,776,465)	(2,543,654)	(2,776,465)	(2,543,654)
Borrowing costs expense	3	(254,531)	(296,699)	(271,678)	(292,560)
Depreciation and amortisation expense	3	(557,530)	(672,668)	(405,814)	(672,668)
Operating leases	3	(29,689)	(117,599)	(305,490)	(117,599)
Impairment of plant and equipment	3	-	(46,973)	-	(46,973)
Occupancy expenses		(288,395)	(183,272)	(288,395)	(183,272)
Office and administration expenses		(569,706)	(465,262)	(569,706)	(440,706)
Ordinary expenses		(232,721)	(214,555)	(164,572)	(127,308)
Loss on foreign currency translation		(13,681)	-	(13,681)	-
<b>PROFIT/(LOSS) BEFORE INCOME TAX (EXPENSE) / BENEFIT</b>		202,391	160,970	422,585	(122,368)
<b>INCOME TAX (EXPENSE)/BENEFIT</b>	4	136,953	-	50,946	-
<b>PROFIT/(LOSS) AFTER INCOME TAX (EXPENSE)/BENEFIT</b>		339,344	160,970	473,531	(122,368)
<b>BASIC AND DILUTIVE EARNINGS PER SHARE</b>	8	0.03	0.06	0.05	(0.05)

## BALANCE SHEET

AT 30 JUNE 2009	Notes	ECONOMIC ENTITY		PARENT ENTITY	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	9	30,170	713	30,060	367
Trade and other receivables	10	543,412	554,490	543,412	558,586
Inventories	11	146,865	121,099	146,865	121,099
Other	12	158,638	32,255	157,428	32,255
<b>TOTAL CURRENT ASSETS</b>		879,085	708,557	877,765	712,307
<b>NON-CURRENT ASSETS</b>					
Financial assets	13	-	414,766	2	3
Deferred tax asset	4	191,812	-	154,769	-
Property, plant and equipment	14	2,450,827	2,352,433	1,098,233	2,352,433
<b>TOTAL NON-CURRENT ASSETS</b>		2,642,639	2,767,199	1,253,004	2,352,436
<b>TOTAL ASSETS</b>		3,521,724	3,475,756	2,130,769	3,064,743
<b>CURRENT LIABILITIES</b>					
Trade and other payables	15	1,214,596	1,500,678	846,629	1,498,994
Interest bearing liabilities	16	1,091,999	1,683,031	1,091,998	1,683,031
Non-interest bearing liabilities	17	-	1,404,147	625,274	1,171,911
Short term provisions	18	341,880	241,430	341,880	241,430
<b>TOTAL CURRENT LIABILITIES</b>		2,648,475	4,829,286	2,905,782	4,595,366
<b>NON-CURRENT LIABILITIES</b>					
Long service leave provision	18	85,603	85,212	85,603	85,212
Interest bearing liabilities	16	2,129,603	906,557	520,068	906,557
Deferred tax liability	4	54,859	-	59,038	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		2,270,065	991,769	664,709	991,769
<b>TOTAL LIABILITIES</b>		4,918,540	5,821,055	3,570,491	5,587,135
<b>NET ASSETS</b>		(1,396,816)	(2,345,299)	(1,439,722)	(2,522,392)
<b>EQUITY</b>					
Issued capital	19	4,300,118	3,456,655	4,300,118	3,456,655
Equity component of convertible notes	19	343,460	465,345	343,460	465,345
Transaction costs	19	(112,439)	-	(112,439)	-
Accumulated losses	20	(5,927,955)	(6,267,299)	(5,970,861)	(6,444,392)
<b>TOTAL EQUITY</b>		(1,396,816)	(2,345,299)	(1,439,722)	(2,522,392)

## STATEMENT OF CHANGES IN EQUITY

### Economic Entity

	Ordinary Shares	Convertible Notes	Transaction Costs	Accumulated Losses	Total
<b>AT 30 JUNE 2009</b>					
<b>Balance at 30 June 2008</b>	3,456,655	465,345	-	(6,267,299)	(2,345,299)
Shares issued during the year	843,463				843,463
Equity component of convertible notes issued / (converted) during the year					-
Equity component of convertible notes redeemed during the year		(121,885)			(121,885)
Transaction costs recognised in equity during the year			(112,439)		(112,439)
Net profit/(loss) for year				339,344	339,344
<b>Balance at 30 June 2009</b>	4,300,118	343,460	(112,439)	(5,927,955)	(1,396,816)

### Parent Entity

	Ordinary Shares	Convertible Notes	Transaction Costs	Accumulated Losses	Total
<b>AT 30 JUNE 2009</b>					
<b>Balance at 30 June 2008</b>	3,456,655	465,345	-	(6,444,392)	(2,522,392)
Shares issued during the year	843,463				843,463
Equity component of convertible notes issued / (converted) during the year					-
Equity component of convertible notes redeemed during the year		(121,885)			(121,885)
Transaction costs recognised in equity during the year			(112,439)		(112,439)
Net profit/(loss) for year				473,531	473,531
<b>Balance at 30 June 2009</b>	4,300,118	343,460	(112,439)	(5,970,861)	(1,439,722)

## CASH FLOW STATEMENT

### YEAR ENDED 30 JUNE 2009

	Notes	ECONOMIC ENTITY		PARENT ENTITY	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		7,743,030	7,777,992	7,095,775	7,711,697
Payments to suppliers and employees		(7,829,378)	(6,496,364)	(7,508,378)	(6,405,764)
		(86,348)	1,281,628	(412,603)	1,305,933
Finance costs		(254,531)	(296,699)	(271,678)	(269,999)
Interest received		162	4,380	162	237
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	21(a)	(340,717)	989,309	(684,119)	1,036,171
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		6,300	65,552	1,063,711	65,552
Purchase of property, plant and equipment		(708,076)	(1,616,696)	(175,160)	(1,616,696)
Loans (to)/from related parties		-	-	-	90,504
Proceeds from sale of shares		22,506	-	-	-
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		(679,270)	(1,551,144)	888,551	(1,460,640)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from rights issue		843,463	-	843,463	-
Proceeds from share issue		-	29,000	-	29,000
Payments for convertible notes paid out		(750,000)	(117,000)	(750,000)	(117,000)
Proceeds from borrowings		2,181,164	1,608,581	956,982	1,376,346
Repayment of borrowings		(1,312,934)	(1,029,273)	(1,312,937)	(934,295)
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		961,693	491,308	(262,492)	354,051
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		(58,294)	(70,527)	(58,060)	(70,418)
<b>OPENING CASH BROUGHT FORWARD</b>		(45,431)	25,096	(45,777)	24,641
<b>CLOSING CASH CARRIED FORWARD</b>	21(b)	(103,725)	(45,431)	(103,837)	(45,777)



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report includes the consolidated financial statements and notes of the economic entity of Print Mail Logistics Limited and controlled entities, and the separate financial statements of Print Mail Logistics Limited as an individual parent entity. Print Mail Logistics Limited is an unlisted public company, incorporated and domiciled in Australia.

The financial report of Print Mail Logistics Limited and controlled entities, and Print Mail Logistics Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting applies. Cost is based on the fair values of the consideration given in exchange for assets.

#### (a) Principles of Consolidation

A controlled entity is any entity controlled by Print Mail Logistics Limited. Control exists where Print Mail Logistics Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Print Mail Logistics Limited to achieve the objectives of Print Mail Logistics Limited. Details of the controlled entities are contained in Note 26. The controlled entities have a June financial year end.

Where a controlled entity has entered or left the consolidated group during the year its operating results have been included from the date control was obtained or until the date control ceased. As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Business Combinations

Business combinations occur when control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving other entities under common control, are accounted for by applying the purchase method.

The purchase method requires the acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at the acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

#### (c) Taxes

##### Income taxes

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Print Mail Logistics Limited and its wholly owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime on 1 July 2006. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity.

## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Goods and services tax (GST)*

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

- where the GST incurred on a 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 an item of expense; and
- receivables and payables are stated with the amount of GST 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 the cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **(d) Inventories**

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

Costs incurred in bringing inventory to its present location and condition are accounted for as purchase costs on a first-in-first-out basis.

## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(e) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed on an annual basis by the directors to ensure that the value is not in excess of the recoverable amount of these assets. The recoverable amount is assessed by reference to the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Repairs and maintenance costs are expensed as incurred.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Major depreciation periods are:

#### **Plant and equipment**

- Computers	3 years
- Motor vehicles	3 years
- Digital printing equipment	5 years
- Mail insertion equipment	5 years
- Finishing and bindery equipment	5 years
- Furniture and fittings	10 years
- Offset printing equipment	12 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds received from the disposal to the carrying amount of each respective asset. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.



## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the economic entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they occur.

#### (g) Financial instruments

##### *Recognition and initial measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market placed convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through the profit and loss. Transaction costs related to instruments classified as at fair value through profit and loss are expensed to profit and loss immediately. Financial instruments are classified and measured as set out below:

##### *Derecognition*

Financial assets are derecognised where the contractual rights to the receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit and loss.

##### *Classification and subsequent measurement*

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### *Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise. Subsequent to initial recognition, financial assets in this category are measured at cost when they are investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably.

## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Held to maturity investments*

Held to maturity investments are non derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the economic entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

#### *Available for sale financial assets*

Available for sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

#### *Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

#### *Fair value*

Fair value is determined based on current bid prices for all listed investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions referenced to similar investments or other appropriate valuation methodologies.

#### *Impairment*

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

#### (h) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost incurred to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

#### (i) Intangibles

##### *Research and development*

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.



## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Foreign currency transactions and balances

##### *Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### *Transaction and balances*

Foreign currency transactions are translated into foreign currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

#### (k) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

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. This is inclusive of associated on-costs of 17%. Employee benefits payable later than one year have been measured at the present value of the estimated cash flows to be made for those benefits.

Employee benefits expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave and other types of employee benefits are recognised against profits on a net basis in their respective categories.

## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Provisions

Provisions are recognised when the group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### (m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

Cash on hand and in banks and short term deposits are stated at nominal value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks including bank overdrafts.

#### (n) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue from the sale of goods is recognised upon the delivery to the buyer.

##### *Rendering of services*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of GST.

#### (o) Borrowing costs

Borrowing costs are expensed in the income period in which they are incurred.

#### (p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (q) Debt defeasance

Where assets are given up to extinguish the principal repayments and all future interest payments of a debt, any differences in the carrying value foregone and the liability extinguished is brought to account in profit. Costs incurred in establishing the defeasance are expensed in the period that the defeasance occurs.

In all cases where defeasance occurs, it is highly unlikely that the company will again be required to pay any part of the debt or meet any guarantees or indemnities associated with the debt.

## NOTES (continued)

30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

#### Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

#### (s) Change in Accounting Policy

The consolidated group changed its accounting policy relating to the measurement of property, plant and equipment for the financial year ended 30 June 2009. The directors elected to review the useful life of classes of property, plant and equipment and in particular, offset printing and digital printing equipment. This change has been implemented as the directors are of the opinion that the re-assessment of effective lives will result in a more accurate carrying value of inventory at reporting date. The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2009 is as follows (no taxation effect results from these changes):

	2009		
	Previously Stated	Adjustment	Restated
<b>Consolidated Group</b>			
<b>Income Statement</b>			
Depreciation and amortisation expense	(958,345)	400,815	(557,530)
Profit before income tax	(198,424)	400,815	202,391
Profit after income tax	(61,471)	400,815	339,344
Basic and diluted earnings per share	(0.01)	0.04	0.03
<b>Balance Sheet</b>			
Property, plant and equipment	2,050,012	400,815	2,450,827
<b>Parent Entity</b>			
<b>Income Statement</b>			
Depreciation and amortisation expense	(766,785)	360,971	(405,814)
Profit before income tax	61,614	360,971	422,585
Profit after income tax	112,560	360,971	473,531
Basic and diluted earnings per share	0.01	0.04	0.05
<b>Balance Sheet</b>			
Property, plant and equipment	737,262	360,971	1,098,233

The directors consider that the depreciation and amortisation expense for the prospective financial years will approximate \$ 560,000.

The financial report was authorised for issue on 28 July 2009 by the Board of directors.

## NOTES (continued)

30 JUNE 2009

### 2. REVENUE FROM ORDINARY ACTIVITIES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Revenues from operating activities</b>				
Total revenue from operating activities	6,935,300	7,668,384	6,935,300	7,668,384
<b>Revenues from non-operating activities</b>				
Interest received	162	4,380	162	237
Dividends received	461,833	-	-	-
Proceeds on sale of property, plant and equipment	101,300	65,552	1,158,713	65,552
Less: Carrying value	-	(37,500)	(971,397)	(37,500)
Profit/(Loss) on disposal	101,300	28,052	187,315	28,052
Profit on forgiveness of loan	659,762	12,500	903,643	12,500
Other income	43,100	938	54,398	565
Profit on revaluation of financial assets	-	394,765	-	-
Profit/(Loss) on disposal of shares	(413,915)	-	-	-
Total revenues from non-operating activities	852,242	440,635	1,145,518	41,354
Total revenues from ordinary activities	7,787,542	8,109,019	8,080,818	7,709,738

## NOTES (continued)

30 JUNE 2009

### 3. EXPENSES

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<u>Borrowing costs expense</u>				
Interest expense – external parties	142,867	189,163	70,043	185,264
Interest expense – related entities	90,401	84,736	180,864	84,736
Other borrowing costs	21,263	22,800	20,771	22,560
Total borrowing costs expense	254,531	296,699	271,678	292,560
<u>Depreciation of non-current assets</u>				
Plant and equipment	557,530	672,668	405,814	672,668
Total depreciation of non-current assets	557,530	672,668	405,814	672,668
<u>Operating lease rental</u>				
Minimum lease payments	29,689	117,599	305,490	117,599
Total operating lease rental	29,689	117,599	305,490	117,599
<u>Bad and doubtful debts</u>				
Wholly owned subsidiaries	-	-	-	-
Related parties	-	-	-	-
Other	(i)(ii)(iii) 16,768	102,588	(15,708)	15,708
Total bad and doubtful debts	16,768	102,588	(15,708)	15,708
<u>Other significant expenses</u>				
Loss on impairment of plant and equipment	-	46,973	-	46,973
Total other significant expenses	-	46,973	-	46,973

(i) A provision of \$ 15,708 was raised by the parent entity against a trade debtor for the entirety of the amount due to the parent entity from that trade debtor in the prior financial year. That amount was recovered in full during the financial year.

(ii) A provision of \$ 35,880 raised by the economic entity against Debentures at face value in the prior year. That amount was recovered in full during the financial year.

(iii) The economic entity advanced funds totaling \$ 68,356 to the Liquidator of a private company to fund legal proceedings to recover assets for the benefit of creditors of that private company. A provision has been raised against the entirety of the funds advanced to the Liquidator as insufficient information exists to determine if the legal action will result in funds being recovered by the economic entity.

## NOTES (continued)

30 JUNE 2009

### 4. INCOME TAX

#### Current

The major components of income tax expense are:

Current tax expense	-	-	44,785	-
Deferred tax expense / (benefit)	(136,953)	137,789	(95,731)	(148,852)
	(136,953)	137,789	(50,946)	(148,852)

*Reconciliation of income tax expense to prima facie tax payable*

Accounting profit before income tax 202,391 160,970 422,585 (122,368)

Prima facie tax at statutory income tax rate of 30%

Non deductible expenditure	65,850	20,230	57,033	13,604
Other deductible expenditure	(48,958)	-	(996)	-
Origination/(reversal) of other temporary differences	(61,302)	187,697	(46,062)	171,959
Franking credits received	34,436	-	-	-
De-recognition of deferred tax assets	-	(256,218)	-	(148,852)
Recoupment of prior year losses not previously brought to account	(187,697)	-	(187,697)	-
Income tax expense/(benefit)	(136,953)	-	(50,946)	-

Current income tax provision

-	-	44,785	-
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## NOTES (continued)

30 JUNE 2009

### 4. INCOME TAX (continued)

	Opening Balance	Brought to Account	Charged to Income Statement	Closing Balance
<b>Non-Current Economic Entity</b>				
<b>Deferred tax liability</b>				
Investment	-	118,430	(118,430)	-
Property, plant and equipment	-	63,083	(8,224)	54,859
	-	181,513	(126,654)	54,859
<b>Deferred tax asset</b>				
Provision for doubtful debts	-	15,776	4,730	20,506
Employee provisions	-	65,388	30,253	95,641
Creditors and accruals	-	33,384	22,005	55,389
Other items	-	5,663	(1,923)	3,740
Tax losses	-	-	16,536	16,536
	-	120,211	71,601	191,812
<b>Non-Current Parent Entity</b>				
<b>Deferred tax liability</b>				
Property, plant and equipment	-	63,083	(4,045)	59,038
	-	63,083	(4,045)	59,038
<b>Deferred tax asset</b>				
Provision for doubtful debts	-	4,712	(4,712)	-
Employee provisions	-	65,388	30,252	95,640
Creditors and accruals	-	33,384	22,005	55,389
Other items	-	5,663	(1,923)	3,740
	-	109,147	45,622	154,769

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(c) occur:  
Temporary differences Nil (2008: \$ 120,211);  
Tax losses: operating losses Nil (2008: \$794,225).

## NOTES (continued)

30 JUNE 2009

### 5. DISCONTINUED OPERATIONS

	Notes	ECONOMIC ENTITY 2009 \$	2008 \$
On 18 June 2009 the parent entity sold its 100% ownership interest in 88888888 Pty Ltd to Mr. Nigel Elias. Mr. Elias is a director of the parent entity and the sole director of 88888888 Pty Ltd.			
Financial information relating to the discontinued operation to the date of disposal is set out below.			
The financial performance of the discontinued operation to the date of sale which is included in the profit/(loss) from discontinued operations per the income statement is as follows:			
Revenue		1,212,058	398,908
Expenses		(488,071)	(112,926)
Profit before income tax		723,987	285,982
Income tax (expense)/benefit		-	-
Profit attributable to members of the parent entity		723,987	285,982
Profit on sale before income tax		-	-
Income tax (expense)/benefit		-	-
Profit/(loss) on sale after income tax		-	-
Total profit on sale after tax attributable to the discontinued operation		-	-
The net cash flows of the discontinuing division which have been incorporated into the statement of cash flows are as follows:			
Net cash inflow/(outflow) from operating activities:		(22,467)	(7,174)
Net cash inflow/(outflow) from investing activities:		22,447	(998,144)
Net cash (outflow)/inflow from financing activities:		-	1,005,000
Net cash increase/(decrease) in cash generated by the discontinuing division		(20)	(318)
Gain on disposal of the division included in gain from discontinued operations per the income statement		-	-

## NOTES (continued)

30 JUNE 2009

### 6. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

The totals of remuneration paid to KMP of the parent entity and the economic entity during the year are as follows:

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short term employee benefits	556,503	454,199	556,503	454,199
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
	<u>556,503</u>	<u>454,199</u>	<u>556,503</u>	<u>454,199</u>

### 7. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

There were no dividends paid or provided as at the reporting date (2008: nil).

The parent entity's franking account balance is \$ 16,536 (2008: nil).

## NOTES (continued)

30 JUNE 2009

### 8. EARNINGS PER SHARE

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Reconciliation of earnings to profit or loss</b>				
Profit/(Loss) after income tax (expense) / benefit	339,344	160,970	473,531	(122,368)
Earnings used to calculate basic EPS	<u>339,344</u>	<u>160,970</u>	<u>473,531</u>	<u>(122,368)</u>
Earnings used in the calculation of dilutive EPS	<u>339,344</u>	<u>160,970</u>	<u>473,531</u>	<u>(122,368)</u>
<b>Reconciliation of earnings to profit or loss from continuing operations</b>				
Profit/(Loss) from continuing operations	(384,643)	(125,012)	473,531	(122,368)
Earnings used to calculate basic EPS from continuing operations	<u>(384,643)</u>	<u>(125,012)</u>	<u>473,531</u>	<u>(122,368)</u>
Dividends on converting preference shares	-	-	-	-
Earnings used in the calculation of dilutive EPS from continuing operations	<u>(384,643)</u>	<u>(125,012)</u>	<u>473,531</u>	<u>(122,368)</u>
<b>Reconciliation of earnings to profit or loss from discontinuing operations</b>				
Profit/(Loss) from discontinuing operations	723,987	285,991	-	-
Earnings used to calculate basic EPS from discontinuing operations	<u>723,987</u>	<u>285,991</u>	<u>-</u>	<u>-</u>
Dividends on converting preference shares	-	-	-	-
Earnings used in the calculation of dilutive EPS from discontinuing operations	<u>723,987</u>	<u>285,991</u>	<u>-</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS</b>	<u>9,935,408</u>	<u>2,715,123</u>	<u>9,935,408</u>	<u>2,715,123</u>

## NOTES (continued)

30 JUNE 2009

### 9. CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and in hand	30,170	713	30,060	367
<b>Reconciliation of Cash</b>				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows;				
Cash and cash equivalents	30,173	713	30,060	367
Bank overdraft facility	(133,898)	(46,144)	(133,898)	(46,144)
	(103,725)	(45,431)	(103,837)	(45,777)

## NOTES (continued)

30 JUNE 2009

### 10. TRADE AND OTHER RECEIVABLES

	Notes	ECONOMIC ENTITY		PARENT ENTITY	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Current</b>					
Trade receivables	(i)	438,912	571,198	438,912	570,198
Provision for impairment of receivables		-	(16,708)	-	(15,708)
		438,912	554,490	438,912	554,490
Non trade debtors	(ii)	172,856	-	104,500	-
Provision for impairment of receivables	(ii)	(68,356)	-	-	-
		104,500	-	104,500	-
Loan - wholly owned subsidiary - 999999999 Pty Ltd		-	-	-	4,096
Provision for impairment of receivables		-	-	-	-
		-	-	-	4,096
Total current trade and other receivables		543,412	554,490	543,412	558,586

Terms and conditions relating to the above financial instruments:

(i) Trade debtors are non-interest bearing and generally on 21 day trade terms.

(ii) Non trade debtors include vendors of printing equipment totaling \$ 104,500 wherein the parent entity has traded equipment that will be settled on installation of the newly acquired equipment. The balance, being \$ 68,356 represents funds advanced to the Liquidator of a private company to fund legal proceedings to recover assets for the benefit of creditors of that private company. A provision has been raised against the entirety of the funds advanced to the Liquidator as insufficient information exists to determine if the legal action will result in the funds being recovered by the economic entity.



## NOTES (continued)

30 JUNE 2009

### 11. INVENTORIES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Work in progress - at cost	12,314	18,017	12,314	18,017
Finished goods - at cost	134,551	103,082	134,551	103,082
	<u>146,865</u>	<u>121,099</u>	<u>146,865</u>	<u>121,099</u>

### 12. OTHER CURRENT ASSETS

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Prepayments	23,639	30,655	23,639	30,655
Deposits with suppliers	133,789	1,600	133,789	1,600
GST Refund	1,210	-	-	-
	<u>158,638</u>	<u>32,255</u>	<u>157,428</u>	<u>32,255</u>

## NOTES (continued)

30 JUNE 2009

### 13. FINANCIAL ASSETS

	Notes	ECONOMIC ENTITY		PARENT ENTITY	
		2009	2008	2009	2008
		\$	\$	\$	\$
Available for sale financial assets		-	414,766	2	3
Held to maturity financial assets		-	-	-	-
Less non-current portion		-	414,766	2	3
Current portion		-	-	-	-

(i) Available for sale financial assets include:

Unlisted investments at cost:					
- Shares in controlled entities	(i)	-	-	2	3
		-	-	2	3

Unlisted investments at fair value:

- Shares in other corporations	(ii)	-	414,766	-	-
		-	414,766	-	-

(i) Shares in controlled entities comprise investments in the ordinary issued capital of 999999999 Pty Ltd and 666666 Pty Ltd. There was insufficient information to enable a reliable measurement of the fair market value of the shares at balance date.

(ii) Shares in other corporations consisted of an investment in a private company.

(ii) Held to maturity investments comprise:

- Debentures in other corporations	(i)	-	35,880	-	-
Provision for impairment of debentures		-	(35,880)	-	-
		-	-	-	-

(i) The debentures were sold at face value during the financial year.

## NOTES (continued)

30 JUNE 2009

### 14. PLANT AND EQUIPMENT

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Plant and equipment				
At cost	4,110,309	4,093,903	3,130,948	4,093,903
Less: accumulated depreciation and impairment	(1,659,482)	(1,741,470)	(2,032,716)	(1,741,470)
Total property, plant and equipment	<u>2,450,827</u>	<u>2,352,433</u>	<u>1,098,233</u>	<u>2,352,433</u>

#### (a) Assets pledged as security

Each of the 5 Convertible Notes on issue to LSL Holdings Pty Ltd (In Liquidation) ("LSL") include a fixed and floating charge over the parent entity. Australia and New Zealand Banking Group Limited holds a fixed and floating charge over the parent entity that ranks after the charges issued in the favour of LSL.

	ECONOMIC ENTITY	PARENT ENTITY
	Plant & Equipment	Plant & Equipment
Balance at the beginning of the year	2,352,433	2,352,433
Add Additions	655,924	123,011
Less Written down value of disposals	-	971,397
Less Depreciation	557,530	405,814
Carrying amount at the end of the year	<u>2,450,827</u>	<u>1,098,233</u>

## NOTES (continued)

30 JUNE 2009

### 15. TRADE AND OTHER PAYABLES

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Trade creditors	(i) 769,635	1,335,169	385,087	1,332,109
Customer prepayments	-	3,985	-	3,985
Accrued expenses	1,651	-	1,651	-
Australia Post - credit facility	(ii) 31,070	21,279	31,070	21,279
Goods and services tax	145,582	17,595	121,168	18,970
PAYG withholding tax	159,642	81,013	155,852	81,013
Income tax provision	-	-	44,785	-
Fringe benefits tax	9,416	2,598	9,416	2,598
Superannuation	66,531	-	66,531	-
Insurance	31,069	39,039	31,069	39,039
	<u>1,214,596</u>	<u>1,500,678</u>	<u>846,629</u>	<u>1,498,994</u>

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and payable generally on 30 day terms. The balance includes an amount of \$ 384,549 that is due and payable by 666666 Pty Ltd for the purchase of an asset that is payable in 6 equal monthly installments of \$ 27,468 together with a final payment of \$ 219,741 in January, 2010.

(ii) The Australia Post credit facility is non-interest bearing. The maximum daily credit balance is \$ 40,000.

## NOTES (continued)

30 JUNE 2009

### 16. INTEREST BEARING LIABILITIES

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Unsecured liabilities				
Loans - related parties	-	590,000	-	590,000
Loans - other parties	(i) 571,629	-	571,629	-
	<u>571,629</u>	<u>590,000</u>	<u>571,629</u>	<u>590,000</u>
<b>Secured liabilities</b>				
Loans - other parties	(ii) -	418,789	-	418,789
Convertible notes - related parties	(iii) 386,472	628,098	386,472	628,098
Bank overdraft facility	(iv) 133,898	46,144	133,898	46,144
	<u>520,370</u>	<u>1,093,031</u>	<u>520,370</u>	<u>1,093,031</u>
	<u>1,091,999</u>	<u>1,683,031</u>	<u>1,091,998</u>	<u>1,683,031</u>
<b>Non-current</b>				
Secured liabilities				
Loans - other parties	(v) 1,609,535	-	-	-
Convertible notes	(iii) 520,068	906,557	520,068	906,557
	<u>2,129,603</u>	<u>906,557</u>	<u>520,068</u>	<u>906,557</u>

Terms and conditions relating to the above financial instruments;

(i) Of the unsecured other party loans, \$ 150,000 is payable on 30 November 2009 with interest payable monthly in arrears and calculated at the rate of 10% per annum. The balance, being \$ 421,629 represents £ 205,000 maturing on 31 December 2009 with interest payable at maturity and calculated at an interest rate of 8.5% per annum net of withholding tax.

(ii) the secured - other party loan was settled in full during the financial year.

(iii) The 5 remaining convertible notes each have a face value of \$ 250,000 and bear interest at 1% per annum payable six monthly in arrears. The Notes mature in December 2009, June 2010, December 2010, June 2011 and December 2011. The Notes may, at the option of the Note holder be converted into shares of the parent entity at \$2 per share. One of the parent entity's directors, Mr Nigel Elias, has been granted an option by the Note holder to acquire any or all of the Notes at any time prior to their maturity. The Notes have been discounted to present value in accordance with AASB 132 - Financial Instruments: Presentation.

(iv) The bank overdraft facility bears interest at a variable rate calculated on the daily debit balance. The overdraft limit is \$ 100,000.

(v) The secured - other party loan represents two separate loans being \$ 508,935 to 999999999 Pty Ltd and \$ 1,100,601 to 666666 Pty Ltd. Each loan bears interest at the rate of 8.5% per annum net of withholding tax with the maturity date being 31 December 2010. Each loan is secured by a registered fixed and floating charge over the assets and undertaking of the borrower.

## NOTES (continued)

30 JUNE 2009

### 17. NON-INTEREST BEARING LIABILITIES

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Loans - related parties (unsecured)	(i) -	1,404,147	625,274	1,171,911
	<u>-</u>	<u>1,404,147</u>	<u>625,274</u>	<u>1,171,911</u>

(i) The non-interest bearing unsecured related party loans were settled in full during the financial year.

### 18. PROVISIONS

	ECONOMIC ENTITY		PARENT ENTITY	
	Employee benefits	Total	Employee benefits	Total
Opening balance at 1 July 2008	326,642	326,642	326,642	326,642
Additional provisions	443,121	443,121	443,121	443,121
Amounts used	342,280	342,280	342,280	342,280
Balance at 30 June 2009	<u>427,483</u>	<u>427,483</u>	<u>427,483</u>	<u>427,483</u>
<b>Analysis of provisions</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	\$	\$	\$	\$
Current	341,880	241,430	341,880	241,430
Non-current	85,603	85,212	85,603	85,212
	<u>427,483</u>	<u>326,642</u>	<u>427,483</u>	<u>326,642</u>



## NOTES (continued)

30 JUNE 2009

### 19. CONTRIBUTED EQUITY

	2009		2008	
	Number of shares	\$	Number of shares	\$
<b>(a) Movements in ordinary shares on issue</b>				
Beginning of the financial year	2,692,500	3,456,655	2,678,000	3,427,655
Issued during the year	12,407,500	843,463	14,500	29,000
End of the financial year	15,100,000	4,300,118	2,692,500	3,456,655

	2009		2008	
	Number of Notes	\$	Number of Notes	\$
<b>(b) Movements in equity component of convertible Notes</b>				
Beginning of the financial year	8	465,345	-	-
Issued during the year	-	-	9	582,345
Equity component of convertible notes redeemed during the year	(3)	(121,885)	(1)	(117,000)
Converted during the year	-	-	-	-
End of the financial year	5	343,460	8	465,345

#### (c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. There are no externally imposed capital requirements.

#### (d) Terms and conditions of convertible notes

The convertible notes were issued on the following basis;

Issuer: Print Mail Logistics Limited (PML).

Security: 5 separate fixed and floating charges.

Amount: Up to \$ 1,250,000 face value (with the consequential right of conversion into 625,000 ordinary shares in PML). There are 5 separate Notes each with a face value of \$ 250,000.

Maturity Dates:

- 31 December 2009
- 30 June 2010
- 31 December 2010
- 30 June 2011
- 31 December 2011

Interest: 1 % per annum, payable on maturity date.

Conversion: The Note holder may, at its option, elect to convert all or part of a Note into ordinary shares of PML at a conversion rate of \$2 per share. One of the parent entity's directors, Mr Nigel Elias, has been granted an option by the Note holder to acquire any or all of the Notes at any time prior to their maturity.

The equity and liability components of the notes have been calculated in accordance with AASB 132 - Financial Instruments: Presentation.

#### (e) Transaction costs

Transaction costs relate to various costs in issuing equity instruments including legal and professional advisory fees, printing and distribution costs. Transaction costs are accounted for as a deduction from equity in accordance with AASB 132 - Financial Instruments: Presentation.

## NOTES (continued)

30 JUNE 2009

### 20. ACCUMULATED LOSSES

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Balance at the beginning of the year	(6,267,299)	(6,428,269)	(6,444,392)	(6,322,024)
Current year profit/(loss)	339,344	160,970	473,531	(122,368)
Balance at the end of the year	(5,927,955)	(6,267,299)	(5,970,861)	(6,444,392)

## NOTES (continued)

30 JUNE 2009

### 21. STATEMENT OF CASH FLOWS

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>(a) Reconciliation of the net profit/(loss) after tax to the net cash flows from operations</b>				
Net profit/(loss)	339,344	160,970	473,531	(122,368)
<b>Non-cash items</b>				
Depreciation of non-current assets	557,530	672,668	405,814	672,688
Dividend	(461,833)	-	-	-
Profit on revaluation of financial assets	-	(394,765)	-	-
Impairment of assets	-	46,973	-	46,973
Loan forgiven	(659,762)	(50,000)	(903,643)	-
Net (profit)/loss on disposal of property, plant and equipment	(101,300)	(28,052)	(187,315)	(28,052)
Loss on sale of shares	413,915	-	-	-
Provision for doubtful debts	-	52,588	-	15,708
Transaction costs	112,439	-	112,439	-
<b>Changes in assets and liabilities</b>				
(Increase)/decrease in trade and other receivables	(67,919)	96,170	79,458	15,107
(Increase)/decrease in other assets	(126,383)	10,710	8,616	10,710
(Increase)/decrease in inventory	(25,766)	30,721	(25,766)	30,721
(Increase)/decrease in deferred tax	(136,953)	-	(95,731)	-
(Decrease)/increase in trade creditors	(565,554)	796,542	(946,999)	799,906
(Decrease)/increase in sundry creditors	172,003	(359,733)	185,955	(359,738)
(Decrease)/increase in employee entitlements	209,522	(45,483)	209,522	(45,484)
Net cash flow from operating activities	<u>(340,717)</u>	<u>989,309</u>	<u>(684,119)</u>	<u>1,036,171</u>
<b>(b) Reconciliation of cash</b>				
Cash balance comprises:				
- cash assets	30,173	713	30,060	367
- bank overdraft facility	(133,898)	(46,144)	(133,898)	(46,144)
Closing cash balance	<u>(103,725)</u>	<u>(45,431)</u>	<u>(103,837)</u>	<u>(45,777)</u>

#### (c) Financing facilities available

At reporting date, the economic entity has financing facilities negotiated and available with the following lenders:

	Facility used	
	\$	
Bank overdraft facility - \$ 210,000	(i)	-

(i) Finance provided by ANZ Banking Group Limited ("ANZ"). ANZ holds a registered fixed and floating charge over the parent entity.

#### (d) Non cash investing and financing activities

There were no non-cash investing or financing activities undertaken during the financial year.

## NOTES (continued)

30 JUNE 2009

### 22. CAPITAL AND LEASING COMMITMENTS

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>(a) Capital expenditure commitments</b>				
<b>2009</b>				
In June 2009 the parent entity contracted to purchase three separate items of plant and equipment from three separate vendors totaling \$ 848,100. The items of plant and equipment are to be installed in November 2009.				
<b>2008</b>				
Nil				
<b>(b) Lease expenditure commitments</b>				
<i>(i) Operating leases (non-cancellable)</i>				
Minimum lease commitments				
- not later than one year	(i)	218,798	183,115	530,748
- later than one year and not later than five years	(ii)	283,416	144,146	283,416
Aggregate lease expenditure contracted for at reporting date		<u>502,214</u>	<u>327,261</u>	<u>814,164</u>

(i) Operating leases consists of (i) premises rental of \$ 218,798 and (ii) machine rental of \$ 311,950. The parent entity leases printing equipment from 999999999 Pty Ltd and 666666 Pty Ltd. The operating leases terminate on 31 December 2009.

(ii) Operating leases consist of premises rental of \$ 283,416.

### 23. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
The aggregate employee benefit liability is comprised of:				
Provisions (current)	341,880	241,430	341,880	241,430
Provisions (non current)	85,603	85,212	85,603	85,212
	<u>427,483</u>	<u>326,642</u>	<u>427,483</u>	<u>326,642</u>

## NOTES (continued)

30 JUNE 2009

### 24. AUDITOR'S REMUNERATION

Notes	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amounts received or due and receivable by Ruddicks				
- audit of the financial report	26,000	24,000	26,000	24,000
- income tax advice	8,000	11,760	8,000	11,760
	<u>34,000</u>	<u>35,760</u>	<u>34,000</u>	<u>35,760</u>

### 25. RELATED PARTY DISCLOSURES

	Notes	ECONOMIC ENTITY		PARENT ENTITY	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>(a) Transactions with director related entities</b>					
<i>Sales</i>					
Sales were made to the following director related entities:					
88888888 Pty Ltd		-	-	11,298	-
999999999 Pty Ltd	(i)	-	-	446,447	-
666666 Pty Ltd	(ii)	-	-	610,965	-
		-	-	<u>1,068,710</u>	-
<i>Purchases</i>					
Purchases were made from the following director related entities:					
Jarok Pty Ltd		-	25,000	-	25,000
999999999 Pty Ltd	(i)	-	-	128,513	-
666666 Pty Ltd	(ii)	-	-	147,288	-
		-	<u>25,000</u>	<u>275,801</u>	<u>25,000</u>

(i) On 1 July 2008 the parent entity sold an item of plant and equipment to 999999999 Pty Ltd. That item was leased to the parent entity during the financial year for use in the parent entity's operations. The operating lease expenditure during the financial year was \$ 128,513.

(ii) On 27 January 2009 the parent entity transferred title to an item of plant and equipment to 666666 Pty Ltd. That item, together with other items of equipment, was leased to the parent entity during the financial year for use in the parent entity's business. The operating lease expenditure during the financial year was \$ 147,288.

## NOTES (continued)

30 JUNE 2009

### 25. RELATED PARTY DISCLOSURES (continued)

		ECONOMIC ENTITY		PARENT ENTITY	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>(b) Loans from/(to) director related entities</b>					
At balance date, the parent entity had borrowed/(loaned) the following amounts from/(to) director related entities:					
88888888 Pty Ltd	(i)	-	-	-	867,764
999999999 Pty Ltd	(ii)	-	-	164,406	(4,096)
666666 Pty Ltd	(iii)	-	-	460,868	-
Nigel Elias	(iv)	-	30,000	-	30,000
Landav Pty Ltd	(v)	-	100,000	-	100,000
Jarok Pty Ltd	(vi)	-	50,000	-	50,000
Sara Jane Waddy	(vii)	-	30,000	-	30,000
		-	<u>210,000</u>	<u>625,274</u>	<u>1,073,668</u>

(i) On 17 June 2009 88888888 Pty Ltd forgave the loan to the parent entity.

(ii) The loan from 999999999 Pty Ltd to the parent entity is non-interest bearing, unsecured and repayable at call.

(iii) The loan from 666666 Pty Ltd to the parent entity is non-interest bearing, unsecured and repayable at call.

(iv) The loan from Nigel Elias to the parent entity was settled in full during the financial year. The loan was non-interest bearing, unsecured and repayable at call.

(v) The loan from Landav Pty Ltd to the parent entity was settled in full during the financial year. The loan included an interest rate of 12% per annum, was unsecured and repayable at call.

(vi) The loan from Jarok Pty Ltd to the parent entity was settled in full during the financial year. The loan included an interest rate of 12% per annum, was unsecured and repayable at call.

(v) The loan from Sara Jane Waddy to the parent entity was settled in full during the financial year. The loan included an interest rate of 12% per annum, was unsecured and repayable at call.



## NOTES (continued)

30 JUNE 2009

### 25. RELATED PARTY DISCLOSURES (continued)

	2009 %	2008 %	2009 Number	2008 Number
<b>(c) Equity instruments of directors</b>				
<i>(i) The percentage and number of the ordinary share capital beneficially owned by the directors or their related entities is as follows:</i>				
Landav Pty Ltd	44.9%	31.6%	6,785,000	850,000
Nigel Elias	7.1%	7.4%	1,076,300	200,000
Robert Cameron	3.3%	4.5%	504,000	120,000
Lewis Securities Ltd (In Liquidation)	2.5%	14.1%	379,998	379,998
Lewis Nominees Pty Ltd	1.1%	1.5%	160,000	40,000
Jarok Pty Ltd	0.9%	0.6%	134,000	15,000
LSL Holdings Pty Ltd (In Liquidation)	0.7%	3.7%	100,002	100,002
Rebecca Elias	0.5%	0.7%	80,000	20,000

### 26. WHOLLY OWNED SUBSIDIARIES

	2009 \$	2008 \$
The subsidiaries, 88888888 Pty Ltd, 99999999 Pty Ltd and 666666 Pty Ltd are wholly owned subsidiaries of Print Mail Logistics Limited, incorporated and domiciled in Australia.		
Contribution to group profit/(loss) from ordinary activities after income tax:		
Print Mail Logistics Limited	(154,320)	(122,368)
88888888 Pty Ltd	723,987	285,991
99999999 Pty Ltd	(123,887)	(2,653)
666666 Pty Ltd	(106,436)	-
	<u>339,344</u>	<u>160,970</u>

#### Acquisition of Controlled Entities

On 31 October 2008 666666 Pty Ltd was registered as a company under the Corporations Act 2001. Upon registration, the parent entity held 100% of the paid up capital of 666666 Pty Ltd being \$ 1 and the net assets of 666666 Pty Ltd were \$ 1.

Loss of 666666 Pty Ltd included in consolidated profit of the Group since the acquisition date amounts to \$ 106,436.

#### Disposal of Controlled Entities

On 23 June 2009 the parent entity sold 100% of its interest in 88888888 Pty Ltd. No remaining interest in the entity was held by any member of the consolidated entity.

## NOTES (continued)

30 JUNE 2009

### 27. SEGMENT INFORMATION

The economic entity operates in the printing and mailing industry, predominantly in Tasmania. During the financial year, the economic entity has continued providing commercial consultancy services to entities with which the parent company has had dealings in the area of printing and mailing. This service represents a minor percentage of the economic entity's total revenue.

### 28. SUBSEQUENT EVENTS

#### 2009

The parent entity will consider an Initial Public Offering in September, 2009. A prospectus will be made available when the shares are offered. In order to apply for shares in the parent entity, applicants will be required to complete the application form that will be in or will accompany the prospectus.

#### 2008

On 14 July 2008 Landav Pty Ltd advanced \$ 500,000 to the parent entity on an at call basis and bearing interest at 12%.

On 16 July 2008 the parent entity repaid the balance of its liability to Affiniti Business Finance Pty Ltd (\$ 391,960) and the security afforded to Affiniti Business Finance Pty Ltd was discharged.

### 29. CONTINGENT ASSETS AND LIABILITIES

*Related party guarantees provided by the parent entity*

#### 2009

88888888 Pty Ltd's obligation to Australon Enterprises Pty Ltd ("In Liquidation") ("AEPL") was settled in full during the financial year. The parent entity's guarantee to AEPL was withdrawn upon settlement of the obligation.

#### 2008

The parent entity provided a guarantee to Australon Enterprises Pty Ltd ("In Liquidation") ("AEPL") for 88888888 Pty Ltd's obligation to AEPL under its loan facility amounting to \$ 1,100,000. At reporting date, 88888888 Pty Ltd was in a sound financial position and was not likely to default on the facility.

### 30. ECONOMIC DEPENDENCY

The economic entity is not economically dependent on any entity or group of entities.

## NOTES (continued)

30 JUNE 2009

### 31. FINANCIAL INSTRUMENTS

#### Financial risk management policies

The economic entity's financial instruments consist mainly of deposits with banks, trade receivables, investment in a private company, trade payables, loans to and from related and other parties and a bank overdraft facility.

The entity does not have any derivative instruments at 30 June 2009

#### (i) Treasury risk management

The Board of directors meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The entity's overall risk management strategy seeks to assist the economic entity in meeting its financial targets, whilst minimising potential effects on financial performance.

#### (ii) Financial risk exposures and management

The main risks the economic entity is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

#### (a) Interest rate risk

The entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, are as follows:

#### Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Financial instruments	Floating interest rate		Within 1 year		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total		Weighted average effective interest rate	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	%	%
<b>(i) Financial assets</b>														
Cash	30	1	-	-	-	-	-	-	-	-	30	1	1	1
Unlisted investments	-	-	-	-	-	-	-	-	-	415	-	415	-	-
Trade debtors	-	-	-	-	-	-	-	-	439	554	439	554	-	-
Non-trade debtors	-	-	-	-	-	-	-	-	105	554	105	554	-	-
<b>Total financial assets</b>	<b>30</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>544</b>	<b>1,523</b>	<b>574</b>	<b>1,524</b>	<b>-</b>	<b>-</b>

## NOTES (continued)

30 JUNE 2009

### 31. FINANCIAL INSTRUMENTS (continued)

	Floating interest rate		Within 1 year		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total		Weighted average effective interest rate	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	%	%
<b>(ii) Financial liabilities</b>														
Trade creditors	-	-	-	-	-	-	-	-	770	1,335	770	1,335	-	-
Other creditors	-	-	-	-	-	-	-	-	445	166	445	166	-	-
Debtor facility	-	-	-	419	-	-	-	-	-	-	-	419	-	13
Loans – related parties	-	-	-	590	-	-	-	-	-	1,404	-	1,994	-	13
Convertible notes	-	-	386	628	520	907	-	-	-	-	906	1,535	1	1
Bank overdraft facility	134	46	-	-	-	-	-	-	-	-	134	46	8	9
Other loans	-	-	572	-	1,610	-	-	-	-	-	2,182	-	9	2
<b>Total financial liabilities</b>	<b>134</b>	<b>46</b>	<b>958</b>	<b>1,637</b>	<b>2,130</b>	<b>907</b>	<b>-</b>	<b>-</b>	<b>1,215</b>	<b>2,905</b>	<b>4,437</b>	<b>5,495</b>	<b>6</b>	<b>3</b>

#### (b) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance sheet and in the notes to the financial statements.

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

**Cash and cash equivalents:** The carrying amount approximates fair value because of the short-term to maturity.

**Trade receivables, trade creditors:** The carrying value approximates fair value.

**Shares in other corporations:** The carrying value approximates fair value. The Director valued the investment in the private company on the basis of the expected distribution to members on liquidation of the private company.

**Long term loans and borrowings:** The carrying value approximates fair value.

**Convertible notes:** Convertible notes are measured at net present value utilising an interest rate of 9.85% per annum.

Based on the above valuation methodologies, the Directors consider that fair values are materially in line with carrying values.

## NOTES (continued)

30 JUNE 2009

### 31. FINANCIAL INSTRUMENTS (continued)

#### (c) Credit risk exposures

The entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Statement of Financial Position.

The entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

Concentrations of credit risk on trade receivables arise as follows:

	Maximum credit risk exposure* for each concentration			
	Percentage of total trade debtors		\$'000	
	2009	2008	2009	2008
Government/Semi-Government	43.7	39.5	192	224
Other non-concentrated	56.3	60.5	247	346
	100	100	439	570

\* The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

Credit risk in trade receivables is managed as follows:

- payment terms are 21 days;
- credit applications are completed for all new customers; and
- large balances are monitored on a daily basis.

#### (d) Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

#### (e) Interest rate sensitivity analysis

The economic entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date and does not consider that a change in variable interest rates will have a material affect on the economic entity's current year results or equity.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Print Mail Logistics Limited, I state that:

In the opinion of the directors:

(a) the financial statements and the notes of the company are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board.



Nigel B Elias  
Director

28<sup>th</sup> July 2009  
Date  
Hobart, Tasmania



## INDEPENDENT AUDIT REPORT

### Independent Audit Report to the Members of Print Mail Logistics Limited and Controlled Entities

**ruddicks**  
CHARTERED ACCOUNTANTS

#### Report on the Financial Report

I have audited the accompanying financial report of Print Mail Logistics Limited (the company) and Print Mail Logistics Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (AIFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.



Robert J. Ruddick FCA  
Craig A. Hodgson FCA

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## INDEPENDENT AUDIT REPORT

### Independent Audit Report to the Members of Print Mail Logistics Limited and Controlled Entities (continued)

#### Auditor's Opinion

In my opinion:

1. The financial report of Print Mail Logistics Limited and Print Mail Logistics Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Ruddicks  
R J Ruddick  
102 Tamar Street, Launceston

Dated this 29<sup>th</sup> day of July 2009



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CHARTERED ACCOUNTANTS

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