

**Print Mail Logistics Limited**  
**ABN 14 103 116 856**

**Annual Financial Report**  
**for the Year Ended**  
**30 June 2014**

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The financial statements were authorised for issue by the Board of directors on 11 September 2014. The Board has the power to amend or reissue the report after it has been issued.

## Corporate Directory

Directors	<p>John W Woods <i>Chairman (Non-executive)</i></p> <p>Nigel B Elias <i>Managing Director (Executive)</i></p> <p>Luis Garcia <i>Director (Non-executive)</i></p>
Secretaries	<p>Mary-Anne Greaves Adrian J Pereira</p>
Principal registered office in Australia	<p>Ground Floor, 28-30 Davey Street Hobart TAS 7000 +61 3 6220 8444</p>
State of incorporation	<p>New South Wales</p>
Share Registry	<p>Armstrong Registry Services Limited Level 22, 307 Queen Street Brisbane QLD 4000 +61 7 3231 0050</p>
Auditor	<p>DBW Audit Pty Ltd Level 6, 1 Pacific Highway North Sydney NSW 2060</p>
Solicitors	<p>Toomey Maning &amp; Co 30 Davey Street Hobart TAS 7000</p>
Bankers	<p>Australia and New Zealand Banking Group Limited 40 Elizabeth Street Hobart TAS 7000</p> <p>Westpac Banking Corporation 28 Elizabeth Street Hobart TAS 7000</p>
Stock exchange listings	<p>Print Mail Logistics Limited shares are listed on the National Stock Exchange of Australia (NSX) (Code: PNT).</p>
Website address	<p><a href="http://www.pml.com.au">www.pml.com.au</a></p>

## **Directors' Report**

Your Directors present their report on the consolidated entity consisting of Print Mail Logistics Limited (referred to hereafter as "the Company") and its controlled entities (referred to hereafter as "the Group") for the financial year ended 30 June 2014.

### **Corporate Structure**

The Company is limited by shares, incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are listed in Note 16 of the financial statements.

### **Principal Activities and Significant Changes in Nature of Activities**

The Company's principal activities during the financial year were the rendering of printing, mailing and postal distribution services.

The Company continued to enhance the value of its service offering during the financial year particularly relevant to its ability to electronically distribute notices on behalf of its customers to their stakeholders.

There were no significant changes in the nature of the Group's principal activities during the financial year.

### **Operating Results and Review of Operations for the Year**

The Group's consolidated loss amounted to \$594,756, after providing for income tax and eliminating non-controlling equity interests (2013: loss of \$23,919).

The net loss before tax from continuing operations amounted to \$1,228,654 (2013: \$24,881) which includes a once-off impairment loss of \$348,698 (2013: nil) related to the impairment of borrowing costs, design and development costs associated with the proposed development of real estate at Cambridge, Tasmania.

### **Financial Position**

The net assets of the Group decreased by \$1,045,039 to \$874,401 at 30 June 2014 (2013: \$1,919,440). The decrease is primarily due to the following factors:

- operating loss as to \$594,756; &
- selective share buy-back as to \$816,000.

The Group raised a further \$654,604 net of transaction costs from existing shareholders by way of a rights issue.

### **Significant Changes in the State of Affairs**

The following significant changes in the Group's state of affairs occurred during the financial year:

- The Company raised \$682,649 (\$654,604 net of transaction costs) by way of allotting 6,826,490 shares to existing shareholders at \$0.10 per share pursuant to a Rights Issue;
- The Company completed a selective share buy-back purchasing 2,720,000 shares at \$0.30 per share;
- The Company sold its investment in Armstrong Registry Service Pty Ltd;
- The Company recognised an impairment loss of \$348,698 related to the impairment of borrowing costs, design and development costs related to the proposed development of real estate at Cambridge, Tasmania after commencing negotiations with an instrumentality of the State of Tasmania to lease an alternative production facility at Tasmania's Technopark located in Dowsing Point, Tasmania.

### **Dividends Paid or Recommended**

No external dividends were paid or declared during the financial year (2013: nil). No recommendation for payment of dividends has been made.

## **Directors' Report (continued)**

### **Events after the Reporting Period**

On 19 August 2014, the Company repaid its indebtedness to the Australia and New Zealand Banking Group Limited including amounts outstanding in respect of credit cards which were returned to the issuer. The repayment was funded by way of borrowings from an unrelated party. The facility extended by the unrelated party includes the following key terms and conditions:

- Loan Amount: \$380,000
- Term: 18 months
- Interest rate: 10% per annum
- Repayments: monthly repayments of interest only with the Loan amount repayable on maturity
- Security: registered charge over the trade debtors of the Company.

On 22 August 2014, the Company concluded negotiations with an instrumentality of the State of Tasmania and entered into a Deed to lease a production facility at Tasmania's Technopark located at Dowsing Point, Tasmania. The Company has commenced the relocation of its equipment from three existing sites in readiness for the consolidation and commencement of operations at the new facility on 22 September 2014.

The Company provided the Landlord of the new facility with a Bank Guarantee of \$100,000 issued by Westpac Banking Corporation which Guarantee is supported by a pledged Term Deposit.

Otherwise, no matters or circumstances have arisen since the end of the financial year which would significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### **Future Developments, Prospects and Business Strategies**

The Company's business strategy is to leverage its industry experience and credibility in providing transactional printing and related communication solutions to the public and private sectors in Australia.

With the objective of maximising the Company's net worth, the Company proposes to increase revenue by continuing to concentrate on markets both within and outside of the state of Tasmania whilst improving operational efficiencies to through consolidation of production facilities in one location.

The Directors are cognisant of the requirement to continuously disclose material matters to the market. At this time, other than matters addressed in this financial report, there are no matters sufficiently advanced or at a level of certainty that would require disclosure.

### **Environmental issues**

The Board considers that the Group has adequate systems and processes in place to manage and comply with environmental regulations as they apply to the Group. There have been no significant known breaches of any environmental regulations to which the Group is subject.

## **Directors' Report (continued)**

### **Information on Directors**

The names of each person who has been a Director of the Company during the financial year and to the date of this report are:

- John W Woods
- Nigel B Elias
- Luis Garcia (appointed 3 March 2014)
- Robert C Cameron (retired 3 March 2014)
- Barry K Hamilton (retired 3 March 2014).

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### **Directors' Particulars**

#### ***John W Woods - Chairman (Non-executive)***

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 and Chairman of the State Membership Committee. He served as a National Councillor from 1982 to 1986 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.

Prior to his retirement as a Chartered Accountant in public practice, Mr Woods was a registered Company Liquidator, an Official Liquidator, a registered Tax Agent and a Company Auditor. He sat on the Tasmanian Regional Liaison Committee of the Australian Securities and Investments Commission (ASIC) and is a past member of the Tasmanian Auditors and Liquidators Disciplinary Board.

Mr Woods is Chairman of the Company having been appointed a Director of the Company in June, 2009.

His special responsibilities include that of Chairman of the Audit and Risk Management Committee, Chairman of the Nominations Committee and Chairman of the Remuneration Committee.

At balance date, Mr Woods held a beneficial interest in:

- 321,000 ordinary shares in the Company
- 100,000 ordinary shares partly-paid to \$0.25 each in Print Mail Logistics (International) Pty Ltd.

#### ***Nigel B Elias – Managing Director (Executive)***

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

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 is Managing Director of the Company having been appointed Chief Executive Officer and Director of the Company in June 2004.

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

At balance date, Mr Elias held a beneficial interest in 3,588,253 ordinary shares in the Company.

## **Directors' Report (continued)**

### ***Luis Garcia (Non-executive)***

Mr Garcia is a senior executive with qualifications and experience in banking and finance, investment, real estate, government and management consulting. Mr Garcia has held senior executive positions and non-executive directorships nationally and internationally.

Mr Garcia brings 30 years experience as a senior executive and director having served on boards in finance, funds management, investment, IT, agribusiness, retail and non-profit sectors. Mr Garcia has also served on Receivers' Committees of Inspection, Compliance Committees, Investment Committees and Credit Committees.

Mr Garcia is a Certified Practising Accounting, a licensed real estate agent and a responsible officer under AFSL licenses. Mr Garcia holds a Master of Business Administration (Macquarie University), a diploma in Financial Advising and is a member of the Australian Institute of Company Directors.

Mr Garcia is a non-executive director having been appointed on 3 March 2014.

His special responsibilities include membership of the Audit and Risk Management Committee, the Nominations Committee and the Remuneration Committee.

At balance date, Mr Garcia held a beneficial interest in 156,000 ordinary shares in the Company.

### ***Robert C Cameron - Director (Non-executive)***

Mr Cameron was appointed a Director of the Company on 1 April 2010 having fulfilled the position of Director of the Company in prior financial years. Mr Cameron retired as a Director on 3 March 2014.

Mr Cameron is a Fellow of the Institute of Chartered Accountants in England and Wales and a former Director of Asia Pacific Infrastructure Limited ACN 010 966 793.

At balance date, Mr Cameron held a beneficial interest in 1,150,000 ordinary shares in the Company.

### ***Barry K Hamilton – Director (Non-executive)***

Mr Hamilton was appointed a Director of the Company on 5 July 2013 and retired on 3 March 2014.

Mr Hamilton is a member of the Institute of Chartered Accountants in Australia and an associated member of the Insolvency Practitioners Association of Australia.

At balance date, Mr Hamilton held a beneficial interest in:

- 440,000 ordinary shares in the Company;
- 100,000 ordinary shares partly-paid to \$0.25 each in Print Mail Logistics (International) Pty Ltd.

## **Company Secretaries**

The names of each person who has been a Company Secretary of the Company during the year and to the date of this report, together with their qualifications and experience are:

**Mary-Anne Greaves** – LL.B (University of New England), ACIS, ACSA. Mrs. Greaves was appointed Company Secretary on 10 May 2013. Mrs. Greaves is a lawyer and an Associate of the Institute of Company Secretaries Australia and has considerable experience in company secretary roles.

**Adrian J Pereira** – B.Com (University of Tasmania), CA. Mr Pereira was appointed Company Secretary on 25 January 2007. Mr Pereira is the Chief Financial Officer of the Company with 9 years experience in that role together with 4 years experience in a public Chartered Accounting firm.

## Directors' Report (continued)

### Meetings of Directors

During the financial year, 13 meetings of Directors (including 6 meetings of Committees of Directors) were held. Attendances by each Director during the year were as follows;

	Directors' meetings		Committee meetings					
	Board meeting		Audit and Risk Management		Remuneration		Nominations	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
John W Woods	7	6	3	3	2	2	1	1
Nigel B Elias	7	7	3	3	2	2	1	1
Robert C Cameron Retired: 3 March 2014	4	4	2	2	1	1	1	1
Barry K Hamilton Appointed: 5 July 2013 Retired: 3 March 2014	3	3	1	1	1	1	1	1
Luis Garcia Appointed: 3 March 2014	3	3	1	1	1	1	-	-

### Indemnification of Officers or Auditors

The Company has entered into a deed of access, insurance and indemnity ("Deed") with each of the Directors of the Company.

The Company 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 Company, the Company must, for the duration of the Deed and for the period ended seven years after the Director has ceased to be an officer of the Company;

- 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 Company has executed a Directors and Officers insurance policy during the year. The amount of that insurance premium is currently \$10,240 per annum.

During or since the end of the financial year, the Company 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.

### Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

### Proceedings on Behalf of the Company

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

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



## **Directors' Report (continued)**

### **Non-audit Services**

The Board, in accordance with advice from the Audit and Risk Management Committee, 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 non-audit services, if any, did not compromise the external auditor's independence for the following reasons:

- any non-audit services are reviewed and approved by the Board 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, if any, 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.

### **Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and is set out on page 13 of this Annual Report.

### **Corporate Governance**

The Directors of the Company support and adhere to the principles of corporate governance recognising the need for the highest standard of corporate behaviour and accountability. A review of the Company's corporate governance practices was undertaken during the year. A copy of the Corporate Governance Statement is set out on page 14 of this report.

## **Directors' Report (continued)**

### **Remuneration Report (audited)**

#### **Remuneration Policy**

The Board's policy for determining remuneration of the key management personnel and executives (collectively referred to as "Executives") for the Group, which is set by the Remuneration Committee, is set out as follows:

- remuneration is determined in the context of general market and industry practice (so far as directly relevant benchmarks can be identified for comparative purposes) and the need to attract and retain high-caliber personnel;
- executives, comprising of the Directors, Company Secretaries and the Chief Financial Officer, have authority and responsibility for planning, directing and controlling the activities of the Group;
- compensation levels are competitively set to attract and retain appropriately qualified and experienced Executives; and
- the compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:
  - the capability and experience of the Executives;
  - the Executive's ability to control the relevant business performance;
  - the Group's earnings; and
  - the growth in share price and the delivery of constant returns on shareholder wealth.

There is no remuneration paid or payable to a person in the form of securities.

## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### Employment Details of Members of Key Management Personnel (KMP)

The following table provides employment details as at 30 June 2014 of persons who were, during the current financial year, KMP of the Group. The tables also identifies the proportion of remuneration that was performance and non-performance based. There was no remuneration received in the form of options.

Executive	Position held	Term of contract	Period of notice required for termination and related amounts payable	Proportion of elements of remuneration related to performance				Proportion of elements of remuneration not related to performance		
				Non-salary cash based incentives	Shares /Units	Options /Rights	Other	Fixed Salary <sup>1</sup>	Other	Total%
Directors										
John W Woods	Chairman/ Non-executive Director	Appointed: 1 June 2009	-	-	-	-	-	100%	-	100%
Nigel B Elias	Managing Director	3 years & 1 month Commencing: 1 January 2012 Terminating: 31 January 2015	2 months. In the event the employment contract is terminated, Mr Elias is entitled to a payment equivalent to 4 months salary.	-	-	-	-	100%	-	100%
Robert C Cameron	Non-executive Director	Appointed: 1 April 2010 Retired: 3 March 2014	-	-	-	-	-	100%	-	100%
Barry K Hamilton	Non-executive Director	Appointed: 5 July 2013 Retired: 3 March 2014	-	-	-	-	-	100%	-	100%
Luis Garcia	Non-executive Director	Appointed 3 March 2014	-	-	-	-	-	100%	-	100%
Executives										
Adrian J Pereira	Commercial Manager, Chief Financial Officer / Company Secretary	3 years Commencing: 1 July 2013 and Terminating: 30 June 2016	2 months. In the event the employment contract is terminated, Mr Pereira is entitled to a payment equivalent to 6 months salary.	-	-	-	-	100%	-	100%
Mary-Anne Greaves	Company Secretary	Appointed: 10 May 2013	-	-	-	-	-	-	100%	100%

<sup>1</sup>Fixed salary consists of base salary as well as employer contributions to superannuation funds. Remuneration is reviewed annually by the Remuneration Committee through a process that considers individual, business and the overall performance of the Group.

#### Changes in Directors and Executives Subsequent to Year-end

There have been no changes to the persons or positions occupied from that listed above subsequent to year-end.

## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### Remuneration details for the Year Ended 30 June 2014

The following table of benefits and payments details, in respect to the 2014 and 2013 financial years, the components of remuneration for each member of the KMP of the Group:

	Short-term benefits				Post employment benefits		Long-term benefits		Equity-settled share-based payments		Cash settled share based payments	Termination benefits	Total
	Salary, fees and leave	Sign-on bonus	Non-monetary	Other <sup>1</sup>	Pension and superannuation	Other	Incentive plans	Other	Shares /units	Options /rights			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>													
Nigel B Elias – 2014	160,000	-	-	-	35,000	-	-	-	-	-	-	-	195,000
2013 <sup>2</sup>	87,959	-	-	-	7,560	-	-	-	-	-	-	-	95,519
John W Woods - 2014	1,000	-	-	-	93	-	-	-	-	-	-	-	1,093
2013	30,000	-	-	-	2,700	-	-	-	-	-	-	-	32,700
Robert C Cameron - 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
2013	30,000	-	-	-	2,700	-	-	-	-	-	-	-	32,700
Barry K Hamilton - 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Luis Garcia - 2014	1,000	-	-	-	93	-	-	-	-	-	-	-	1,093
2013	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Executives</b>													
Adrian J Pereira - 2014	129,951	-	-	2,998	11,831	-	-	-	-	-	-	-	144,780
2013	90,000	15,000	-	1,121	9,357	-	-	-	-	-	-	-	115,478
Ian B Hopkins - 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	4,996	-	-	-	-	-	-	-	-	4,996
Mary-Anne Greaves – 2014	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
2013	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total – 2014</b>	<b>296,951</b>	<b>-</b>	<b>-</b>	<b>2,998</b>	<b>47,017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,966</b>
<b>2013</b>	<b>237,959</b>	<b>15,000</b>	<b>-</b>	<b>6,117</b>	<b>22,317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281,393</b>

<sup>1</sup>During the financial year, other short-term benefits were paid on account of motor vehicle allowances paid to Mr Pereira (2013: \$1,121).

<sup>2</sup>On 30 June 2013, salary of \$135,849 and superannuation of \$12,200 was paid to Mr. Elias. The payments represented pre-payment of part of Mr. Elias' remuneration for the period 1 July 2013 to 30 June 2014. The payments are included in the KMP remuneration for the 2014 year as they relate to remuneration for the year ended 30 June 2014. The pre-payment forms part of the prepayment disclosed in Note 13 in the financial statements for the year ended 30 June 2013.

#### Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance based as part of their remuneration package.

## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### Cash Bonuses, Performance-related Bonuses and Share-based Payments

No members of KMP received performance-related bonuses and/or share-based payments as part of their remuneration package during the year.

#### Loans to members of KMP

At balance date, there are no loans from the Company to members of KMP.

#### Share and Options Granted to KMP

No options were granted during the year or in prior financial years.

#### KMP Shareholdings

The number of ordinary shares in the Company held beneficially by each KMP of the Group during the financial year is as follows:

		Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other changes during the Year	Balance at End of Year
Nigel B Elias	2014	3,325,120	-	-	263,133	3,588,253
	2013	3,235,720	-	-	89,400	3,325,120
John W Woods	2014	237,000	-	-	84,000	321,000
	2013	75,000	-	-	162,000	237,000
Robert C Cameron	2014	935,000	-	-	215,000	1,150,000
	2013	763,000	-	-	172,000	935,000
Barry K Hamilton	2014	330,000	-	-	110,000	440,000
	2013	330,000	-	-	-	330,000
Luis Garcia	2014	117,000	-	-	39,000	156,000
	2013	54,000	-	-	63,000	117,000
Adrian J Pereira	2014	-	-	-	-	-
	2013	-	-	-	-	-
Ian B Hopkins	2014	-	-	-	-	-
	2013	-	-	-	-	-
Mary-Anne Greaves	2014	-	-	-	-	-
	2013	-	-	-	-	-
Total	2014	4,944,120	-	-	711,133	5,655,253
	2013	4,457,720	-	-	486,400	4,944,120

Signed in accordance with a resolution of the Board of Directors.



John W Woods  
Chairman

11 September 2014  
Hobart, Tasmania

**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 2014 there has been:

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

**DBW Audit Pty Limited****Matthew Duggan**  
**Director**

Signed at Sydney, 11 September 2014

## **Corporate Governance Statement**

This statement outlines the primary corporate governance practices of Print Mail Logistics Limited (“Company”) that have been in place during the year.

### **Board of Directors**

The current Board of Directors consists of John W Woods, Nigel B Elias and Luis Garcia.

The activities of the Board are governed by the Board Charter. In general, the Board’s functions and responsibilities are to:

- chart strategy and set financial targets for the Group;
- monitor the implementation and execution of strategy and performance against financial targets; and
- appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Group.

The composition of the Board is determined according to the following principles:

- the Board must comprise members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;
- there must be at least three Directors;
- the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified; and
- at least half of the Board must be non-executive Directors at least two of whom must also be independent.

One third of the Directors (other than a Managing Director) must retire at each Annual General Meeting of the Company. Additionally, each Director must not hold office longer than three consecutive Annual General Meetings without standing for re-election.

The Board has also established committees to assist in carrying out its function and for its effective and efficient performance.

The committees established at the date of this report are the following;

- Audit and Risk Management Committee;
- Nominations Committee; and
- Remuneration Committee.

Due to the size of the Company and the composition of the Board, each of the Directors is nominated to each of the three committees.

### **Powers of Managing Director**

Mr Elias is the current Managing Director of the Company. The Managing Director is able to exercise any powers conferred on him by the Board pursuant to Rule 18.1 of the Constitution.

### **Role of Company Secretary**

The Company Secretary is responsible for ensuring the Company meets its compliance with reporting obligations and managing the respective charter and is also accountable to the Board on corporate governance matters.

### **Access to Information**

Each Director has the right to seek independent legal or other professional advice at the expense of the Company in the event of any doubt regarding matters arising in the course of carrying out their duties.

## **Corporate Governance Statement (continued)**

### **Remuneration Policy**

Pursuant to the Constitution, the Directors are to be paid out of the funds of the Company as remuneration for their services. The amount is to be determined by the Company in a general meeting and divided among them in the proportion and manner as they agree or, in default of agreement, equally.

The Company has also established a Remuneration Committee to advise on the remuneration (including non-monetary forms of remuneration such as incentive plans and salary packaging) payable to senior management and non-executive Directors of the Company under its Charter.

Managing Directors' fees are separately determined by the Board on advice from the Remuneration Committee.

A copy of the Remuneration Report is set out in the Directors' Report.

### **Appointment of Directors**

The Nomination Committee has the role of developing suitable criteria (in regards to experience, expertise, skills, qualifications, contacts and other qualities) for Board candidates. If necessary, the Board will consider and conduct relevant ASIC and Federal Police Searches on each candidate.

Upon appointment of a Director, the Board will direct that the proper documentation be prepared notifying the National Stock Exchange of Australia ("NSX") and the Australian Securities and Investments Commission ("ASIC") of the appointment.

### **Ethical Conduct**

Pursuant to the Company's Code of Ethics and Values, all Directors are encouraged to achieve the highest possible standards in the discharge of their obligations. Each Director has an obligation to comply with the spirit and principles of the code and law to:

- act in good faith in the best interests of the Company and for a proper purpose;
- observe confidentiality;
- act in the interests of all shareholders to avoid any potential conflict of interest;
- exercise a reasonable degree of care and diligence;
- not make improper use of information; and
- not make improper use of their position.

Similarly, the Board has adopted a Code of Conduct for Transactions in Securities which governs the ability of Directors, senior management and employees to trade in Company shares.



## Corporate Governance Statement (continued)

### Continuous Disclosure and Communication with Shareholders

As set out in the Company's Charter, the Board aims to ensure that Shareholders are informed of all major developments affecting the Group's state of affairs.

Information is communicated to Shareholders as follows:

- the Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Each Director is required at every such meeting to confirm details of any matter within their knowledge that might require disclosure to the market;
- the Annual Report is distributed to all shareholders. The Board ensures that the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Corporations Act 2001;
- proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of Directors are submitted to a vote of shareholders at an Annual General Meeting ("AGM"). If resolutions are required to be put to Shareholders before the next AGM, a general meeting will be called with at least 28 days' notice in accordance with the Constitution and the *Corporations Act 2001*. The Board encourages the full participation of Shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Group's strategy and goals;
- the external auditors will be requested to attend the AGM and be available to answer questions by Shareholders on the conduct of the audit and the preparation and content of the audit report;
- the half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The report is lodged with and is available from the NSX. It is also sent to any Shareholder who requests it from the Company;
- Company announcements are made in a manner which is factual, timely, clear, and objective, and so as not to omit any information material to decisions of Shareholders and potential investors in the Company; and
- information concerning the Company, including copies of announcements made through the NSX and the annual report and half-yearly report, is made available to Shareholders and prospective investors in the Company on the Company's website. The Company has a continuing commitment to electronic communication with Shareholders and stakeholders generally including via its website.

### Shareholder Privacy

Personal information will generally be collected directly from Shareholders through the use of any of our standard forms, over the internet, via email or through a telephone conversation. There may, however, be some instances where personal information will be collected indirectly because it is unreasonable or impractical to collect personal information directly. A notification will be issued in these instances in advance, or where that is not possible, as soon as reasonably practical after the information has been collected.

The Company takes all reasonable measures to ensure all personal information is stored safely to protect it from misuse, loss, unauthorised access, modification or disclosure, including electronic and physical security measures.

Generally, the Company only uses and discloses personal information for the purposes for which it was collected. However, personal information may be disclosed to:

- service providers, who assist the Company in operating its business. These service providers may not be required to comply with the Company's privacy policy;
- other service providers, who provide the various services which Shareholders have requested and the Company have arranged. These service providers may not be required to comply with the Company's privacy policy;
- a purchaser of the assets and operations of the Company's business, providing those assets and operations are purchased as a going concern; and
- the Company's related entities and other organisations that are affiliated for the purposes of providing Shareholders with information about services and various promotions that might be of interest.

A Shareholder may request their personal information by written request to the Company.

## Corporate Governance Statement (continued)

### Dealings in Securities

The Constitution permits Directors to acquire securities. Company policy prohibits any dealing in, or procuring the dealing in, securities except in accordance with the Code of Conduct for Transactions in Securities ("Code").

The Code applies to all Directors and Officers of the Company and to all Executives, including the Chief Financial Officer, and employees nominated by the Board.

The Code permits Directors and other persons to whom the Code applies to trade in securities during a four week period starting immediately after the announcement to the NSX of the half-yearly and annual results and after the conclusion of the AGM provided that:

- the person is not in possession of price sensitive information; and
- the trading is not for short term or speculative gain.

In the event that a transaction is for consideration of greater than \$50,000 worth of securities, the prior written approval of the Chairman is required prior to entering into discussions for the potential sale of those securities.

Otherwise, trading in securities by Directors and other persons to whom the Code applies is prohibited unless prior written approval is granted by the Chairman. In the case of any proposed trade by the Chairman, written authority to trade may be obtained from another non-executive Director.

As explained above, Directors are prohibited from improper use of information or their position both under the Code of Ethics and Values and the *Corporations Act 2001*. Therefore, no such person may trade Securities, either for short-term speculative gain or otherwise, whilst in possession of price sensitive information.

Additionally, the *Corporations Act 2001* prohibits trading in securities with a related party unless it is on arm's length terms or approved by shareholders.

Heavy sanctions apply if these duties are breached including punitive action commenced by ASIC.

### Related Party Contracts

The Directors are under a general duty not to enter into transactions with related parties unless certain conditions have been fulfilled. Internally, these activities are governed by the respective charters, some of which include the following:

- Board Charter;
- Code of Conduct for Transactions in Securities; and
- Audit and Risk Management Committee Charter.

The *Corporations Act 2001* requires that all related party transactions must be entered into on arm's length terms or if not, approved by shareholders of the Company as this will generally amount to a 'material personal interest' in a matter. This prohibition is enforced to protect the rights of shareholders.

A Director who has any material personal interest in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter.

## Corporate Governance Statement (continued)

### Conflict of Interest

A conflict of interest is defined by the Company to mean a situation where a matter which impacts upon a Director's ability to ensure that their duties are discharged efficiently, honestly and fairly, arises.

Practical steps taken by the Company to assist in identifying and avoiding potential conflicts of interest are as follows:

- monitoring and confidentially retaining relevant interest information on all Board and senior staff members for conflict identification and monitoring;
- undertaking performance reviews and regular receipting of disclosure notices;
- instituting appropriate remedial or preventative action, which will include:
  - where appropriate quarantining relevant operational areas from other operational areas where information or activity in one operational area is not accessible so as to ensure that 'Chinese walls' prevent the flow of sensitive or non-public information to other organisational areas unless there is 'a reason to know';
  - requiring senior management to monitor and supervise procedures to ensure proper functioning of Chinese walls and information flows;
  - allocating another Board member or employee to discharge the duty where appropriate;
  - declining to undertake transactions; or
  - always disclosing potential conflicts to third parties.

It is the responsibility of the senior management to ensure that there is an ongoing daily awareness given to identification and management of conflicts of interest and a conflict of interest register is kept and maintained.

Additionally, employees of the Company are also strongly encouraged to disclose all conflicts of interests which may arise.

### Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group, and fulfil the responsibility for the identification of significant business risks and review of the major risks affecting each business segment and develops strategies to mitigate these risks.

The Audit and Risk Management Committee members are appointed by the Board, with the current members being Mr Woods, Mr Elias and Mr Garcia. However, the Company Secretary is also accountable to the Board on all corporate governance matters and is responsible for managing the respective Charter.

Business is considered as the Committee may determine, with additional items of business considered as appropriate, including:

- review of Charter and consider plans for the coming year;
- review of policies on sensitive issues or practices such as environmental issues;
- review of the operation and effectiveness of internal controls;
- meet with the external auditors to discuss next year's audit plan and budget;
- review of the results and findings of the half-yearly audit/review;
- review of business risks facing the Group, and of the Group's business continuity plan, and assessment of the adequacy of internal controls; and
- review of related party transactions.

## **Corporate Governance Statement (continued)**

### **Audit and Risk Management Committee (continued)**

The external auditors are selected according to criteria set by the Committee which include most significantly:

- the lack of any current or past connection or association with the Company or with any member of senior management that could in any way impair, or be seen to carry with it any risk of impairing, the independent external view they are required to take in relation to the Company and the Group;
- their general reputation for independence and probity and professional standing within the business community; and
- their knowledge of the industry within which the Company and the Group operate.

Audit staff employed by the external audit partner, including the partner or other principal with overall responsibility for the engagement, are required to be rotated periodically, and in any event at intervals not exceeding five years, so as to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to the Company and the Group. The performance of the external auditor is reviewed on an annual basis.

### **Risks**

The Board has the responsibility for the maintenance of the Company's strategy which includes the identification of significant business, legal, financial and organisational risks. This responsibility is fulfilled by the Audit and Risk Management Committee which reviews the major risks affecting each business segment and develops strategies to mitigate these risks and reports to the Board following each meeting.

The risks of the Company's and the Group's business are reviewed by the Board following each report by the Audit and Risk Management Committee. This report is a specific agenda item at each regular meeting of the Board to ensure that the Company is able to effectively respond to such risks.

## Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Continuing operations</b>			
<b>Revenue</b>	3	6,069,427	6,952,884
Changes in inventories	12	(7,752)	57,710
Raw materials and consumables used	4	(2,783,976)	(3,150,220)
Employee benefits expense		(2,305,874)	(2,236,545)
Finance costs		(168,521)	(174,690)
Depreciation and amortisation expense		(515,239)	(494,122)
Impairment of property, plant & equipment		(348,698)	-
Other expenses		(1,168,021)	(996,613)
Share of net profits/(loss) of associates		-	16,715
<b>Profit/(Loss) before tax from continuing operations</b>		<b>(1,228,653)</b>	<b>(24,881)</b>
Income tax benefit/(expense)	5	381,665	860
<b>Profit/(Loss) for the year from continuing operations</b>		<b>(846,988)</b>	<b>(24,021)</b>
<b>Discontinued operations</b>			
Profit/(Loss) for the year from discontinued operations		-	-
<b>Profit/(Loss) for the year</b>		<b>(846,988)</b>	<b>(24,021)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(594,755)	(23,919)
Non-controlling interests		(252,233)	(101)
		<b>(846,988)</b>	<b>(24,021)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year net of income tax		-	-
<b>Total comprehensive (loss)/income for the year attributable to members</b>		<b>(594,755)</b>	<b>(23,919)</b>
<b>Earnings per share and Diluted earnings per share</b>			
Basic and Diluted earnings per share (cents) from continuing operations:	9	(1.65)	(0.07)
Basic and Diluted earnings per share (cents) from discontinued operations:	9	-	-
Basic and Diluted earnings per share (cents) from profit/(loss) for the year:	9	(1.65)	(0.07)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

AS AT 30 JUNE 2014	Notes	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	10	20,501	148,450
Trade and other receivables	11	389,603	479,687
Inventories	12	136,818	144,570
Other current assets	13	97,011	238,506
<b>Total Current Assets</b>		<b>643,933</b>	<b>1,011,213</b>
<b>Non-Current Assets</b>			
Investment in associate accounted for using the equity method	14	-	872,655
Deferred tax assets	21	1,152,684	787,360
Property, plant and equipment	17	2,141,502	2,640,111
Intangible assets	18	44,049	-
<b>Total Non-Current Assets</b>		<b>3,338,235</b>	<b>4,300,126</b>
<b>Total Assets</b>		<b>3,982,168</b>	<b>5,311,339</b>
<b>Current Liabilities</b>			
Trade and other payables	19	833,051	1,229,702
Borrowings	20	833,619	1,175,867
Provisions	22	173,591	86,534
<b>Total Current Liabilities</b>		<b>1,840,261</b>	<b>2,492,103</b>
<b>Non-Current Liabilities</b>			
Provisions	22	52,643	135,205
Borrowings	20	1,213,180	746,568
Deferred tax liability	21	1,683	18,024
<b>Total Non-Current Liabilities</b>		<b>1,267,506</b>	<b>899,797</b>
<b>Total Liabilities</b>		<b>3,107,767</b>	<b>3,391,900</b>
<b>Net Assets</b>		<b>874,401</b>	<b>1,919,440</b>
<b>Equity</b>			
Issued capital	23	8,619,121	8,780,517
Accumulated losses		(7,853,386)	(7,201,975)
<b>Equity attributable to equity holders of the Parent</b>		<b>765,735</b>	<b>1,578,542</b>
Non-controlling interests		108,666	340,899
<b>Total Equity</b>		<b>874,401</b>	<b>1,919,440</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014		Attributable to equity holders of the Parent			
		Equity Component of	Total Issued Capital	Accumulated Losses	Total
Notes	Ordinary Shares	Convertible Notes			
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	7,895,582	414,065	8,309,647	(7,178,056)	<b>1,131,591</b>
	7,895,582	414,065	8,309,647	(7,178,056)	1,131,591
<b>Comprehensive income for the year</b>					
Profit/(Loss) for the year	-	-	-	(23,919)	<b>(23,919)</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	(23,919)	<b>(23,919)</b>
<b>Transactions with owners recorded directly in equity</b>					
Contributions by owners					
- Shares issued	23 521,897	-	521,897	-	<b>521,897</b>
- Transaction costs	23 (51,027)	-	(51,027)	-	<b>(51,027)</b>
<b>Total contributions by owners</b>	470,870	-	470,870	-	<b>470,870</b>
<b>Balance at 30 June 2013</b>	23 8,366,452	414,065	8,780,517	(7,201,975)	<b>1,578,542</b>
<b>Balance at 1 July 2013</b>	8,366,452	414,065	8,780,517	(7,201,975)	<b>1,578,542</b>
<b>Comprehensive income for the year</b>					
Profit/(Loss) for the year	-	-	-	(594,755)	<b>(594,755)</b>
<b>Total comprehensive loss for the year</b>	-	-	-	(594,755)	<b>(594,755)</b>
<b>Transactions with owners recorded directly in equity</b>					
Contributions by owners					
- Shares issued	23 682,649	-	682,649	-	<b>682,649</b>
- Shares bought back	23 (816,000)	-	(816,000)	-	<b>(816,000)</b>
- Transaction costs	23 (28,045)	-	(28,045)	-	<b>(28,045)</b>
- Derecognition of non-controlling interest on disposal of investment in Associate	23 -	-	-	(56,655)	<b>(56,655)</b>
<b>Total contributions by owners</b>	(161,396)	-	(161,396)	(56,655)	<b>(218,051)</b>
<b>Balance at 30 June 2014</b>	23 8,205,056	414,065	8,619,121	(7,853,385)	<b>765,735</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		6,769,168	7,381,797
Payments to suppliers and employees		(6,683,062)	(7,755,251)
Finance costs		(168,521)	(199,989)
Interest received		100	392
<b>Net Cash Flows From/(Used in) Operating Activities</b>	27(a)	<b>(82,313)</b>	<b>(573,051)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(1,397,629)	(1,400,433)
Proceeds from disposal of property, plant and equipment		517,073	742,360
Proceeds from disposal of investment in Associate		816,000	-
Proceeds from sale of shares		100,000	125,000
Development costs - intangible Asset		(44,049)	-
<b>Net Cash Flows From/(Used In) Investing Activities</b>		<b>(8,605)</b>	<b>(533,073)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from share issues		654,604	811,870
Payments for share buy-back		(816,000)	-
Proceeds from borrowings		856,103	510,413
Repayment of borrowings		(731,738)	(131,515)
<b>Net Cash Flows (Used In)/From Financing Activities</b>		<b>(37,031)</b>	<b>1,190,768</b>
Net Increase/(Decrease) in Cash and Cash Equivalents held		(127,948)	84,644
Cash and Cash Equivalents at Beginning of Year		148,450	63,806
<b>Cash and Cash Equivalents at End of Year</b>	27(b)	<b>20,501</b>	<b>148,450</b>

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements

30 JUNE 2014

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue by the Board of Directors on 11 September 2014. The Board has the power to amend or re-issue the report after it has been issued.

#### (a) Basis of preparation

The financial statements are general purpose financial statements that have 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 statements include the consolidated financial statements and notes of the consolidated entity consisting of Print Mail Logistics Limited (referred to hereafter as “the Company”) and the entities it controlled (referred hereafter to as “the Group”) for the financial year ended 30 June 2014.

The Company is a listed public company, incorporated and domiciled in Australia.

The financial statements of the Group comply with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements.

The accounting policies have been consistently applied, unless otherwise stated.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are 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.

#### (b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Company at the end of the reporting period. A controlled entity is any entity controlled by the Company. Control is considered to exist where the Company 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 the Company to achieve the objectives of the Company. The controlled entities have June financial year ends.

Where a controlled entity has entered or left the Group during the year its operating results have been included from the date control was obtained or until the date control ceased. Details of the controlled entities are contained in Note 16. 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.

Where controlled entities have entered or left the group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 16 to the financial statements.

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

Non controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to the parent, are reported separately in the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

## Notes to the Financial Statements (continued)

30 June 2014

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

#### (c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to form owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (d) Taxes

##### *Income taxes*

The charge for current income tax expense is based on the profit or loss 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 reporting date.

Deferred tax assets and liabilities are ascertained based on 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 assets and liabilities are 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 to the Statement of Comprehensive Income 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 Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Company 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 tax consolidated 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 Company. The current tax liability of each tax consolidated group entity is then subsequently assumed by the Company.

##### *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 Statement of Financial Position.

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

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

#### (e) 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 to the Financial Statements (continued)

30 JUNE 2014

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

#### (f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

##### *Property*

Freehold land and buildings are carried at fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

##### *Plant and equipment*

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 to the Statement of Comprehensive Income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (f) Property, plant and equipment (continued)

##### *Depreciation*

The depreciable amount of all fixed assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is first 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 classes of assets with corresponding rates are:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Buildings	02%
Computer software and equipment	33%
Motor vehicles	33%
Furniture and fittings	20%
Digital printing equipment	20%
Mail insertion equipment	20%
Finishing and bindery equipment	20%
Offset printing equipment	08%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

#### (g) 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 Group 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 Group 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 are incurred.

## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (h) Financial instruments

##### *Initial recognition and 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 or loss. Transaction costs related to instruments classified as at fair value through profit and loss are expensed to the Statement of Comprehensive Income 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 the Statement of Comprehensive Income.

##### *- 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 or 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: *Financial Instruments: Recognition and Measurement*. 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 profit and loss 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.

##### *Financial liabilities*

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

##### *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 Statement of Comprehensive Income.

#### (i) 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 Statement of Financial Position.

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

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

## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the profit and loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit and loss.

#### (k) Impairment of assets

At each reporting date, the Group reviews the carrying values of its 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 profit and loss.

Impairment testing is performed annually.

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.

## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

#### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (n) Segment reporting

Operating segments are reported in a manner consistent with the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing the performance and determining the allocation of resources.



## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of returns, trade allowances and rebates.

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 from printing is recognised upon delivery to the customer or on account of the customer. Revenue from mailing services is recognised by reference to the stage of completion method where the outcome can be estimated reliably. Where an outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Dividend revenue is recognised when the Company or Group establishes the right to receive payment.

Interest revenue is recognised using the effective interest method as set out in AASB 139: *Recognition and Measurement of Financial Instruments*.

All revenue is stated net of the amount of GST.

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

##### *Functional and presentation currency*

The functional currency of each of the entities in the Group 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 Company'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 profit and loss, 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 other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in the profit and loss.

#### (q) 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 16.5%. 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 to the Financial Statements (continued)

30 JUNE 2014

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

#### (r) 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.

Provisions are recognised using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### (s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (t) Comparative figures

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

#### (u) 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 Group will again be required to pay any part of the debt or meet any guarantees or indemnities associated with the debt.

#### (v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (w) Earnings per share

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (x) Critical accounting estimates and assumptions

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.

*Income taxes* - The Group is subject to income taxes in Australia. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised.

#### (y) New and revised accounting standards and interpretations

During the year, the Group adopted any new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not impacted the recognition, measurement and disclosure of any transaction.

## Notes to the Financial Statements (continued)

30 JUNE 2014

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

#### (z) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments* (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2017.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 2: Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards:

	2014	2013
Statement of Financial Position	\$	\$
<b>ASSETS</b>		
Current assets	1,057,843	1,331,889
Non-current assets	1,872,083	2,732,616
TOTAL ASSETS	2,929,926	4,064,505

### Statement of Profit or Loss and Other Comprehensive Income

Total profit/(loss) after tax	(276,132)	6,325
Total comprehensive income	(276,132)	6,325

### Guarantees

Print Mail Logistics Limited has guaranteed the following borrowings and obligations of its subsidiaries:

	2014	2013
	\$	\$
<b>- Print Mail Logistics (International) Pty Ltd:</b>		
Borrowings		
- Mortgage loan	436,999	310,413
<b>- Print Mail Logistics (Equipment) Pty Ltd:</b>		
Operating lease commitments		
- Equipment	2,016,877	2,073,711
Finance lease commitments		
- Equipment	695,623	527,050
Borrowings		
- Vendor finance facility	321,000	-

### Contingent liabilities

As at 30 June 2014, Print Mail Logistics Limited had not recognised any contingent liabilities.

### Contractual commitments

Refer to Note 24 for further details.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 3: Revenue and Other Income

	2014 \$	2013 \$
<b>Revenue from continuing operations</b>		
Sales revenue:		
- sale of goods and provision of services	5,971,036	6,639,326
	<u>5,971,036</u>	<u>6,639,326</u>
Other revenue:		
- interest received		
- other persons	100	392
	<u>100</u>	<u>392</u>
Total revenue	<u>5,971,136</u>	<u>6,639,718</u>
Other income:		
- gain on disposal of property, plant and equipment	3,209	156,427
- gain on disposal of investments	80,000	100,000
- other income	15,081	56,739
	<u>98,290</u>	<u>313,166</u>
<b>Total revenue and other income from continuing operations</b>		
- attributable to members of the parent entity	6,069,426	6,952,884
- attributable to non-controlling interests	-	-
	<u>6,069,426</u>	<u>6,952,884</u>
<b>Total revenue and other income from continuing operations and discontinued operations</b>		
- attributable to members of the parent entity	6,069,426	6,952,884
- attributable to non-controlling interests	-	-
	<u>6,069,426</u>	<u>6,952,884</u>

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 4: Profit for the Year

	Note	2014 \$	2013 \$
The following significant revenue and expense items are relevant in explaining the financial performance:			
<b>a. Significant revenue items</b>			
Consideration on sale property, plant and equipment		517,073	742,360
Carrying amount of net assets sold		(502,913)	(585,634)
Deferred gain on sale and leaseback		(10,951)	-
Net gain on sale of property, plant and equipment		3,209	156,726
Consideration on sale of partly-paid ordinary shares in Print Mail Logistics (International) Pty Ltd		100,000	125,000
Carrying amount of net assets sold		(20,000)	(25,000)
Net gain on sale of partly-paid ordinary shares in Print Mail Logistics (International) Pty Ltd		80,000	100,000
<b>b. Significant expense items</b>			
Cost of sales		(2,783,976)	(3,150,220)
Finance costs			
- Interest expense – other persons		(143,246)	(164,154)
- Other borrowing costs		(25,275)	(10,536)
		(168,521)	(174,690)
Employee benefits expense			
- Superannuation expense	c	(183,741)	(176,698)
Impairment of property, plant & equipment		(348,698)	-
Foreign currency translation losses	d	(14,270)	(6,047)
Rental expense on operating leases			
- minimum lease payments - premises		(279,425)	(230,838)
- minimum lease payments - machine rental		(271,790)	(50,337)
	d	(551,215)	(281,175)

c. This amount is grouped with employee benefits expense in the Statement of Comprehensive Income.

d. This amount is grouped with other expenses in the Statement of Comprehensive Income.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 5. Tax Expense

	2014 \$	2013 \$
<b>Current</b>		
The major components of income tax expense are:		
Deferred tax expense/(benefit)	(381,665)	(860)
	<u>(381,665)</u>	<u>(860)</u>
Reconciliation of deferred tax expense/(benefit)		
- Continuing operations	(381,665)	(860)
- Discontinued operations	-	-
Deferred tax expense/(benefit)	<u>(381,665)</u>	<u>(860)</u>
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Accounting (loss)/profit from continuing operations before income tax	(1,228,653)	(24,881)
Accounting (loss)/profit from discontinued operations before income tax	-	-
Accounting (loss)/profit before income tax	<u>(1,228,653)</u>	<u>(24,881)</u>
Prima facie tax at statutory income tax rate of 30%	(368,596)	(7,464)
Non deductible expenditure	(13,069)	6,604
Non assessable income	-	-
Derecognition of deferred tax assets	-	-
Income tax (benefit)/expense	<u>(381,665)</u>	<u>(860)</u>

### Note 6. Key Management Personnel Compensation (KMP)

The Remuneration report contained in the directors' report details the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2014.

The total remuneration paid to KMP of the company and the Group during the year is as follows:

	2014 \$	2013 \$
<b>KMP Remuneration</b>		
Short-term employee benefits	298,450	259,076
Post-employment benefits	48,332	22,317
Other long term benefits	-	-
Share based payments	-	-
Termination benefits	-	-
Total KMP compensation	<u>346,782</u>	<u>281,393</u>
<b>KMP Commitments</b>		
Commitments are payable as follows:		
Payments within 1 year	340,788	339,756
Payments 1-5 years	145,088	419,513
	<u>485,875</u>	<u>759,269</u>

### KMP Options and Rights Holdings

There were no options over ordinary shares held by KMP of the Group during the financial year.



## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 7. Auditors' Remuneration

	2014	2013
	\$	\$
Amounts received or due and receivable by DBW Audit Pty Limited:		
- audit or review of the financial report (inc disbursements)	46,236	41,586
	<u>46,236</u>	<u>41,586</u>

### Note 8: Dividends

There were no dividends paid, declared, determined or publicly recommended on or prior to the reporting date (2013: nil).

The Company's franking account balance is \$114,785 (2013: \$114,785).

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 9: Earnings per Share

	2014 \$	2013 \$
<b>Reconciliation of total earnings to profit or loss</b>		
Profit/(Loss) after income tax	(846,988)	(24,021)
Profit/(loss) attributable to non-controlling equity interest	(252,233)	(101)
Earnings used to calculate basic EPS	(594,755)	(23,919)
Earnings used in the calculation of dilutive EPS	<u>(594,755)</u>	<u>(23,919)</u>
<b>Reconciliation of earnings to profit or loss from continuing operations</b>		
Profit/(Loss) from continuing operations	(846,988)	(24,021)
Profit attributable to non-controlling equity interest in respect of continuing operations	(252,233)	(101)
Earnings used to calculate basic EPS from continuing operations	(594,755)	(23,919)
Earnings used in the calculation of dilutive EPS from continuing operations	<u>(594,755)</u>	<u>(23,919)</u>
<b>Reconciliation of earnings to profit or loss from discontinued operations</b>		
Profit/(Loss) from discontinuing operations	-	-
Profit attributable to non-controlling equity interest in respect of discontinued operations	-	-
Earnings used to calculate basic EPS from discontinuing operations	-	-
Earnings used in the calculation of dilutive EPS from discontinuing operations	<u>-</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS</b>	<u>36,106,353</u>	<u>32,737,504</u>
<b>Earnings per share and Diluted earnings per share</b>		
Basic and Diluted earnings per share (cents) from continuing operations:	(1.65)	(0.07)
Basic and Diluted earnings per share (cents) from discontinued operations:	-	-
Basic and Diluted earnings per share (cents) from profit/(loss) for the year:	<u>(1.65)</u>	<u>(0.07)</u>

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 10. Cash and Cash Equivalents

	Notes	2014 \$	2013 \$
Cash at bank and on hand	a	20,501	148,450
		<u>20,501</u>	<u>148,450</u>

#### Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	20,501	148,450
	<u>20,501</u>	<u>148,450</u>

a. A floating charge over cash and cash equivalents has been provided for certain debts. Refer to Note 20 for further details.

#### Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the primary source of credit risk to the Group.

On a geographical basis, the Group' has a credit risk exposure in Australia given its substantial operations in Australia. The group's exposure to credit risk for receivables at the end of the reporting period is summarised by geographical region as follows:

REGION	2014 \$	2013 \$
Australia	389,603	479,687
Other geographical areas	-	-
	<u>389,603</u>	<u>479,687</u>

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 11. Trade and Other Receivables (continued)

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

**2014**

Trade and other receivables

Gross Amount	Past Due and impaired	Past Due but Not Impaired (Days Overdue)			Within Initial Trade Terms
		< 30 days	31-90 days	> 90 days	
389,603	-	364,451	25,152	-	364,451
389,603	-	364,451	25,152	-	364,451

**2013**

Trade and other receivables

Gross Amount	Past Due and impaired	Past Due but Not Impaired (Days Overdue)			Within Initial Trade Terms
		< 30 days	31-90 days	> 90 days	
479,687	-	464,766	14,921	-	464,766
479,687	-	464,766	14,921	-	464,766

### Collateral Pledged

A floating charge over trade receivables has been provided for certain debt. Refer to Note 20 for further details.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 12. Inventories

	2014	2013
	\$	\$
<b>CURRENT</b>		
Work in progress - at cost	23,010	58,046
Finished goods - at cost	113,808	86,524
	<u>136,818</u>	<u>144,570</u>

### Note 13. Other Assets

	2014	2013
	\$	\$
<b>CURRENT</b>		
Prepayments	85,351	226,846
Deposits with suppliers	11,660	11,660
	<u>97,011</u>	<u>238,506</u>

### Note 14. Investments Accounted for Using the Equity Method

	Notes	2014	2013
		\$	\$
Associated companies	a	-	872,655
		<u>-</u>	<u>872,655</u>

a. On 9 December 2013, the Company disposed of the entirety of its investment in Armstrong Registry Services Pty Ltd for \$816,000.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 15. Associated Companies

Interests are held in the following associated companies:

Name	Notes	Principal Activities	Country of incorporation	Shares	Ownership interest		Carrying Amount of Investment	
					2014 %	2013 %	2014 \$	2013 \$
Unlisted: Armstrong Registry Services Pty Ltd	a	Share registry services	Australia	Ordinary	-	30	-	872,655
							-	872,655

a. Armstrong Registry Services Pty Ltd is a boutique registry service provider for listed and unlisted companies and trusts throughout Australia. On 9 December 2013, the Company sold the entirety of its investment in Armstrong Registry Services Pty Ltd for \$816,000.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 15. Associated Companies (continued)

	2014 \$	2013 \$
<b>b. Movements during the year in equity accounted investment in associated companies:</b>		
Balance at beginning of the financial year	872,655	855,940
Add: New investments during the year	-	-
Share of associated company's profit after income tax	-	16,715
Less: Sale of investments during the year	(816,000)	
De-recognition of non-controlling interest on disposal	(56,655)	-
Balance at the end of the financial year	-	872,655
<b>c. Equity accounted profits of associates are broken down as follows:</b>		
Share of associated company's profit before income tax expense	-	23,878
Share of associate company's income tax expense	-	(7,163)
Share of associated company's profit after income tax expense	-	16,715
<b>d. Summarised presentation of aggregate assets, liabilities and performance of associates:</b>		
Current assets	-	192,864
Non-current assets	-	896,482
Total assets	-	1,089,346
Current liabilities	-	73,692
Non-current liabilities	-	-
Total liabilities	-	73,692
Net assets	-	1,015,654
Revenues	-	736,183
Profit after income tax of associates	-	55,716

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 16. Controlled Entities

#### a. Controlled Entities Consolidated

	Notes	Shares	Percentage owned (%)		Country of Incorporation
			2014	2013	
<b>Subsidiaries of Print Mail Logistics Limited:</b>			%	%	
Print Mail Logistics (Equipment) Pty Ltd		Fully Paid Ordinary	100	100	Incorporated and domiciled in Australia
Print Mail Logistics (International) Pty Ltd	b	Fully Paid Ordinary	100	100	Incorporated and domiciled in Australia
Print Mail Logistics (International) Pty Ltd	b	Partly Paid Ordinary	29	32	Incorporated and domiciled in Australia

#### b. Acquisition and Disposal of Controlled Entities

The parent entity acquired and disposed of ordinary shares partly paid to \$0.25 each during the year as follows:

	Date	No. of ordinary shares partly paid to \$0.25 each	Consideration (per share) \$	Consideration (total) \$
<b>Opening balance</b>	<b>1-Jul-13</b>	<b>636,000</b>	0.25	159,000
Sale of securities	30-Sep-13	(80,000)	1.25	100,000
Sale of securities	30-Sep-13	(200,000)	0.25	50,000
Purchase of securities	5-Dec-13	200,000	0.25	(50,000)
<b>Closing balance</b>	<b>30-Jun-14</b>	<b>556,000</b>	0.25	139,000

At balance date the parent entity held 25,000 of the 25,000 fully paid ordinary shares on issue representing 100% of that class of shares on issue.



## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 17. Property, Plant and Equipment

	Notes	2014 \$	2013 \$
<b>Land and Buildings</b>			
Freehold land at:			
- cost	a	922,792	695,489
Total land		<u>922,792</u>	<u>695,489</u>
Buildings at:			
- cost	b	-	246,334
		-	246,334
Less: accumulated depreciation		-	-
Total buildings		<u>-</u>	<u>246,334</u>
Total land and buildings		<u>922,792</u>	<u>941,823</u>
<b>Plant and Equipment</b>			
Plant and Equipment:			
- at cost		3,271,321	4,573,707
		3,271,321	4,573,707
Less: accumulated depreciation		(2,505,233)	(3,101,743)
		<u>766,088</u>	<u>1,471,964</u>
<b>Leased plant and equipment</b>			
Capitalised leased assets			
- at cost		892,524	375,724
Less: accumulated depreciation		(439,901)	(149,400)
		<u>452,623</u>	<u>226,324</u>
Total plant and equipment		<u>1,218,711</u>	<u>1,698,288</u>
Total property, plant and equipment		<u>2,141,502</u>	<u>2,640,111</u>

a. Capitalised finance costs are included in the calculation of the cost of land. During the period, the Group incurred additional finance costs totalling \$35,133 and at 30 June 2014 recognised an impairment loss of \$48,538 representing the entirety of all capitalised costs relating the proposed development.

b. Capitalised design and development application costs are included in the calculation of building costs. During the period, the Group incurred additional design and development application costs totalling \$ 54,625 and at 30 June 2014 recognised an impairment loss of \$300,969 representing the entirety of all capitalised costs relating the proposed development.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 17. Property, Plant and Equipment (continued)

#### c. Movements in Carrying Amounts

	Freehold Land (d) (e) (f) \$'000	Buildings (d) (e) (f) \$'000	Computer software and equipment \$'000	Digital printing equipment \$'000	Mail insertion equipment \$'000	Finishing and bindery equipment \$'000	Furniture and fittings \$'000	Offset printing equipment \$'000	Total \$'000
<b>At 1 July 2012</b>	-	-	24	843	21	486	35	392	1,802
Additions	683	-	69	40	860	-	-	5	1,659
Disposals	-	-	-	(586)	-	-	-	-	(586)
Depreciation expense	-	-	(36)	(132)	(43)	(185)	(12)	(86)	(494)
Capitalised finance costs	13	-	-	-	-	-	-	-	13
Capitalised design and development costs	-	246	-	-	-	-	-	-	246
<b>Balance at 30 June 2013</b>	<b>695</b>	<b>246</b>	<b>57</b>	<b>166</b>	<b>838</b>	<b>301</b>	<b>23</b>	<b>312</b>	<b>2,640</b>
<b>At 1 July 2013</b>	695	246	57	166	838	301	23	312	2,640
Additions	240	-	17	-	391	-	5	128	781
Disposals	-	-	-	-	(380)	-	-	(123)	(503)
Depreciation expense	-	-	(34)	(42)	(167)	(185)	(8)	(79)	(516)
Capitalised finance costs	35	-	-	-	-	-	-	-	35
Capitalised design and development costs	-	55	-	-	-	-	-	-	54
Impairment loss	(48)	(301)	-	-	-	-	-	-	(349)
<b>Balance at 30 June 2014</b>	<b>923</b>	<b>-</b>	<b>40</b>	<b>124</b>	<b>682</b>	<b>116</b>	<b>21</b>	<b>238</b>	<b>2,142</b>

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 17. Property, Plant and Equipment (continued)

	2014 \$	2013 \$
<b>d. Capitalised finance costs</b>		
Financed costs incurred:		
- interest expense	31,186	8,263
- other borrowing costs	3,947	4,344
	<u>35,133</u>	<u>12,607</u>
Finance costs written off:		
- interest expense	(39,449)	-
- other borrowing costs	(8,291)	-
	<u>(47,740)</u>	<u>-</u>
Net movement in capitalised finance costs	<u>(12,607)</u>	<u>12,607</u>
<b>e. Capitalised design and development application costs</b>		
Design and development costs incurred:		
- Professional costs and disbursements	54,625	246,334
	<u>54,625</u>	<u>246,334</u>
Design and development costs written off:		
- Professional costs and disbursements	(300,958)	-
	<u>(300,958)</u>	<u>-</u>
Net movement in capitalised design and development application costs	<u>(246,334)</u>	<u>246,334</u>

### f. Impairment loss

The total impairment loss recognised in the statement of profit or loss during the period amounted to \$348,698 and is separately presented in the statement as "impairment of property, plant and equipment". The loss relates to previously capitalised finance, design and development application costs relevant to the proposed construction of a production facility on at Cambridge, Tasmania.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 18. Intangible Assets

	Notes	2014 \$	2013 \$
<b>CURRENT</b>			
<b>Development costs</b>			
Cost		44,049	-
Accumulated amortisation and impairment losses		-	-
Net carrying amount		44,049	-
Total intangible assets		44,049	-

### Note 19. Trade and Other Payables

	Notes	2014 \$	2013 \$
<b>CURRENT</b>			
<b>Unsecured liabilities</b>			
Trade payables	a	587,904	374,248
Sundry payables and accrued expenses		209,891	310,804
Equipment vendor	b	-	527,050
Supplier credit/(debit) facility	c	35,257	17,600
		833,051	1,229,702

Terms and conditions relating to the above financial instruments:

- Trade creditors are non-interest bearing and generally payable 30 days from the end of the calendar month that the liability was incurred.
- The amount due to the equipment vendor was non-interest bearing and repayable on demand. The amount due to the equipment vendor was repaid during the year.
- The supplier credit/(debit) facility is non-interest bearing and has a maximum limit of \$50,000 (2013: \$50,000) at balance date.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 20. Borrowings

	Notes	2014 \$	2013 \$
<b>CURRENT</b>			
<b>Unsecured liabilities</b>			
Bank credit card		24,056	19,332
Lease liability		97,304	87,143
Promissory note	d	-	200,000
Vendor finance facility	g	57,885	-
Loan - other parties	h	105,000	-
Loan - related party	i	50,526	-
		<u>334,771</u>	<u>306,475</u>
<b>Secured liabilities</b>			
Bank loans	e	413,595	862,914
Mortgage loans		9,831	6,478
Lease liability		75,422	-
		<u>498,848</u>	<u>869,392</u>
<b>Total current borrowings</b>		<u>833,619</u>	<u>1,175,867</u>
<b>NON-CURRENT</b>			
<b>Unsecured liabilities</b>			
Loan - other party	f	-	196,576
Lease liability		148,752	246,057
Vendor finance facility	g	263,115	-
		<u>411,867</u>	<u>442,633</u>
<b>Secured liabilities</b>			
Mortgage loan		427,169	303,935
Lease liability		374,144	-
		<u>801,313</u>	<u>303,935</u>
<b>Total non-current borrowings</b>		<u>1,213,180</u>	<u>746,568</u>
<b>Total borrowings</b>		<u>2,046,799</u>	<u>1,922,435</u>
<b>a. Total current and non-current secured liabilities</b>			
Bank loan		413,595	862,914
Mortgage loan		436,999	310,413
Lease liability		449,566	-
		<u>1,300,161</u>	<u>1,173,327</u>
<b>b. Carrying amounts of non-current assets pledged as security:</b>			
Freehold land and buildings		922,792	941,823
Plant and equipment		1,218,711	1,698,288
		<u>2,141,502</u>	<u>2,640,111</u>

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 20. Borrowings (continued)

#### c. Collateral provided

The bank loan was secured by a first registered charge over certain assets and undertakings owned by the parent entity and a general security agreement over all present and after-acquired property. The bank loan was also secured by a Guarantee and Indemnity from Print Mail Logistics (Equipment) Pty Ltd and general security agreement given by Print Mail Logistics (Equipment) Pty Ltd. The bank loan was repaid in full on 19 August 2014 and the related security was discharged (see Note 28).

The mortgage loan is secured by (i) a registered general security agreement over the assets and undertakings of Print Mail Logistics (International) Pty Ltd, (ii) a first registered real property mortgage over freehold land and a Guarantee and Indemnity given by the parent entity.

Certain lease liabilities are secured by the underlying leased assets and a Guarantee and Indemnity given by the parent entity.

Financial assets that have been pledged as part of the total collateral for the benefit of the bank loan are as follows:

	2014 \$	2013 \$
Cash and cash equivalents	20,501	148,450
Trade receivables	389,603	479,687
	<u>410,104</u>	<u>628,137</u>

#### d. Promissory note

The promissory note was non-interest bearing and was repaid in full during the year.

#### e. Bank loan

The bank loan facility was due to mature on 31 January 2015. The parent entity received a letter of offer including, inter alia, an extension in the term of the facility to 30 November 2015 however the parent entity elected to repay the loan in full on 19 August 2014 (see Note 28).

#### f. Loan - other party

The non-current loan of £124,000 bearing interest at the rate of 9% per annum was repaid in full during the year.

#### g. Vendor finance facility

The facility relates to an extension of credit by an equipment vendor bearing interest at 11% per annum and repayable in equal instalments over 5 years and 3 months.

#### h. Loan - other parties

There are two current loans due to other parties being (i) an unsecured loan for an amount of \$70,000 bearing interest at the rate of 8% per annum and repayable on 31 July 2014 and (ii) an unsecured non-interest bearing loan for an amount of \$35,000 and repayable on demand.

#### i. Loan - related party

The current loan due to a related party is non-interest bearing and repayable on demand.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 21. Tax

	Opening Balance	Brought to Account	Charged to Statement of Comprehensive Income	Charged to Equity	Closing Balance
	\$	\$	\$	\$	\$
<b>NON-CURRENT</b>					
<b>Deferred tax liability</b>					
Equity accounted profits	(16,997)		16,997		-
Other items	(1,027)		(656)		(1,683)
	(18,024)	-	16,341	-	(1,683)
<b>Deferred tax asset</b>					
Property, plant and equipment	74,527		182,926		257,453
Employee provisions	66,522		(1,553)		64,969
Creditors and accruals	21,087		(4,896)		16,191
Transaction costs	45,625		(37,042)		8,583
Tax losses	579,599		225,889		805,488
	787,360	-	365,324	-	1,152,684

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 22. Provisions

	Notes	Employee Benefits	Total
Opening balance at 1 July 2013		221,738	221,738
Additional provisions		199,106	199,106
Amounts used		(204,283)	(204,283)
Balance at 30 June 2014		216,561	216,561

  

		2014 \$	2013 \$
<b>Analysis of total provisions</b>			
Current			
Annual leave accrual		61,282	86,534
Long service leave provision		112,309	-
	a	173,591	86,534
Non-current			
Long service leave provision	a	42,970	135,205
Deferred gain on sale and leaseback transaction		9,673	-
		52,643	135,205
		226,234	221,738

#### a. Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount of accrued annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event the employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.



## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 23. Issued Capital

	2014		2013	
	Number of shares	\$	Number of shares	\$
Fully paid ordinary shares	37,452,490	8,744,918	33,346,000	8,878,269
	37,452,490	8,744,918	33,346,000	8,878,269

#### a. Movements in ordinary shares

	2014		2013	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	33,346,000	8,878,269	29,866,687	8,356,372
Shares issued during the year				
- Rights issue	6,826,490	682,649	3,479,313	521,897
- Share buy-back	(2,720,000)	(816,000)	-	-
At the end of the reporting period	37,452,490	8,744,918	33,346,000	8,878,269

#### b. 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.

	2014		2013	
	Number of Notes	\$	Number of Notes	\$
<b>c. Movements in equity component of convertible notes - issued in 2008</b>				
Beginning of the financial year	-	414,065	-	414,065
Issued during the year	-	-	-	-
Equity component of convertible notes redeemed during the year	-	-	-	-
Converted during the year	-	-	-	-
End of the financial year	-	414,065	-	414,065

#### d. Terms and conditions of convertible notes

The Convertible Notes were issued on the following basis:

Issuer: Print Mail Logistics Limited.

Note holder: LSL Holdings Pty Ltd (In Liquidation).

Security: Three separate fixed and floating charges.

The Convertible Notes on hand at 1 July 2010 each had a face value of \$250,000 and bore interest at 1% per annum payable six monthly in arrears. The Notes were repaid in full on 22 September 2010.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 23. Issued Capital (continued)

	2014 \$	2013 \$
<b>e. Movements in transaction costs</b>		
Beginning of the financial year	(511,817)	(460,790)
Incurred during the year	(28,045)	(51,027)
End of the financial year	(539,862)	(511,817)

#### f. 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*.

	2014 \$	2013 \$
<b>g. Total issued capital</b>		
Issued Capital	8,744,918	8,878,269
Equity component of convertible notes	414,065	414,065
Transaction costs	(539,862)	(511,817)
	8,619,121	8,780,517

#### h. Shares held by Associate

	2014		2013	
	Number of shares	\$	Number of shares	\$
Fully paid shares held by Associate	-	-	2,720,000	816,000

#### i. Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities that are supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses included the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains between 10% and 50%. The gearing ratios for the years ended 30 June 2014 and 30 June 2013 are as follows:

	2014 \$	2013 \$
Total borrowings	2,046,799	1,922,435
Less: cash and cash equivalents	(20,501)	(148,450)
Net debt	2,026,299	1,773,985
Total equity	8,619,121	8,780,517
Total capital	10,645,420	10,554,502
Gearing ratio	19.03%	16.81%

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 24. Capital and Leasing Commitments

	2014	2013
	\$	\$
<b>a. Finance Lease Commitments</b>		
Payable - minimum lease payments		
- not later than 12 months	242,709	120,369
- between 12 months and five years	568,270	281,264
- later than five years	-	-
Minimum lease payments	810,979	401,633
Less future finance charges	(115,356)	(68,433)
Present value of minimum lease payments	695,623	333,200

The finance lease relates to an item of plant and equipment. The finance lease does not include any provision for contingent rent, terms of renewal, purchase options, escalation clauses or restrictive impositions such as those concerning dividends, additional debt or further leasing.

	2014	2013
	\$	\$
<b>b. Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
<b>-Property</b>		
Payable - minimum lease payments		
- not later than 12 months	67,719	175,816
- between 12 months and five years	-	-
- later than five years	-	-
Minimum lease payments - Property	67,719	175,816
<b>-Equipment</b>		
Payable - minimum lease payments		
- not later than 12 months	467,936	380,295
- between 12 months and five years	1,548,941	1,693,416
- later than five years	-	-
Minimum lease payments - Equipment	2,016,877	2,073,711
	2,084,595	2,249,527

	2014	2013
	\$	\$
<b>c. Capital expenditure commitments</b>		
Capital expenditure commitments contracted for:		
- Property	100,000	100,000
- Plant and equipment	-	527,050
	100,000	627,050

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 24. Capital and Leasing Commitments (continued)

The table below provides a general description of the property leases in place at balance date:

Property	Annual Rent	Term	Optional Lease Extension Term	Contingent Rent Payable	Significant Restrictions Imposed
Property A	\$108,708	01/07/2011 - 30/06/2014	30/09/2014	Nil	Nil
Property B	\$67,080	19/07/2008 - 31/10/2014	Nil	Nil	Nil
Property C	\$72,727	02/06/2008 - 30/09/2014	Nil	Market review referenced to the consumer price index assessed annually	Nil
Property D	\$7,000	01/07/2013 - 30/06/2015	Nil	Nil	Nil

### Note. 25 Contingent liabilities and contingent assets

There are no contingent liabilities or assets.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 26. Segment Information

#### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing the performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

#### Types of products and services by segment

##### *Printing*

The printing segment prepares, prints, finishes and delivers printed material for public and private entities. All products and services are aggregated as one reportable segment as the products and services are similar in nature, they are manufactured and distributed to similar types of customers and they are subject to a similar regulatory environment.

Significant plant and equipment, including computer software and printing and finishing equipment, form the basis of the operating assets in this segment.

The mailing and distribution segment receives products from this segment. Transfer pricing is not applicable between segments given that customers are invoiced on a mutually exclusive basis for goods and services supplied by each segment.

##### *Mailing and distribution*

The mailing and distribution segment inserts printed material into envelopes and distributes envelopes and printed material both domestically and internationally. Distribution is primarily achieved through the engagement of third party suppliers.

Significant plant and equipment, primarily mail insertion machines, form the basis of the operating assets in this segment.

The mailing and distribution segment receives products from the printing segment. Transfer pricing is not applicable between segments given that clients are invoiced on a mutually exclusive basis for goods and services supplied by each segment.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 26. Segment Information (continued)

#### Basis of accounting for purposes of reporting by operating segments

##### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group as detailed in Note 1.

##### *Inter-segment transactions*

Transfer pricing is not applicable between segments given that clients are invoiced on a mutually exclusive basis for goods and services supplied by each segment.

Overhead expenditure is allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believe this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

There are no inter-segment loans receivable or payable.

##### *Segment assets*

Where any asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 26. Segment Information (continued)

a. Segment performance

	Printing \$	Mailing & Distribution \$	Total \$
<b>Year Ended 30 June 2014</b>			
<b>Revenue</b>			
External sales	3,631,184	2,339,852	5,971,036
Interest revenue	-	-	-
<b>Total segment revenue</b>	<b>3,631,184</b>	<b>2,339,852</b>	<b>5,971,036</b>
<i>Reconciliation of segment revenue to group revenue</i>			
- interest received			100
- gain on disposal of property, plant and equipment			3,209
- gain on disposal of investments			80,000
- other income			15,081
Total group revenue			<b>6,069,425</b>
<b>Segment net profit/(loss) before tax</b>	<b>(402,686)</b>	<b>36,179</b>	<b>(366,508)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
- interest received			100
- gain on disposal of property, plant and equipment			3,209
- gain on disposal of investments			80,000
- other income			15,081
Unallocated items:			
Share of net profits/(loss) of associates			-
Impairment of property, plant & equipment			(348,698)
Corporate charges			(443,317)
Finance costs			(168,521)
<b>Net profit/(loss) before tax from continuing operations</b>			<b>(1,228,654)</b>

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 26. Segment Information (continued)

a. Segment performance (continued)

	Printing \$	Mailing & Distribution \$	Total \$
<b>Year Ended 30 June 2013</b>			
<b>Revenue</b>			
External sales	3,978,941	2,660,385	6,639,326
Interest revenue	-	-	-
<b>Total segment revenue</b>	<b>3,978,941</b>	<b>2,660,385</b>	<b>6,639,326</b>
<i>Reconciliation of segment revenue to group revenue</i>			
- interest received			392
- gain on disposal of property, plant and equipment			156,427
- gain on disposal of investments			100,000
- other income			56,739
Total group revenue			<b>6,952,884</b>
<b>Segment net profit/(loss) before tax</b>	<b>175,578</b>	<b>165,486</b>	<b>341,064</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
- interest received			392
- gain on disposal of property, plant and equipment			156,427
- gain on disposal of investments			100,000
- other income			56,739
Unallocated items:			
Share of net profits/(loss) of associates			16,715
Corporate charges			(521,528)
Finance costs			(174,690)
<b>Net profit/(loss) before tax from continuing operations</b>			<b>(24,881)</b>



## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 26. Segment Information (continued)

#### b. Segment assets

	Printing \$	Mailing & Distribution \$	Total \$
<b>As At 30 June 2014</b>			
<b>Segment assets</b>	586,350	706,727	1,293,076
	<b>586,350</b>	<b>706,727</b>	<b>1,293,076</b>
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets			1,536,408
Deferred tax assets			1,152,684
Investment in associates			-
Intangible assets			44,049
<b>Total group assets from continuing operations</b>			<b>4,026,217</b>

	Printing \$	Mailing & Distribution \$	Total \$
<b>As At 30 June 2013</b>			
<b>Segment assets</b>	921,543	839,410	1,760,953
	<b>921,543</b>	<b>839,410</b>	<b>1,760,953</b>
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets			1,890,370
Deferred tax assets			787,360
Investment in associates			872,655
<b>Total group assets from continuing operations</b>			<b>5,311,339</b>

#### c. Segment liabilities

The Consolidated Entity's liabilities are not allocated to operating segments for the purpose of internal reporting. Accordingly segment liabilities are not separately disclosed in accordance with AASB 8 *Operating Segments*.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 26. Segment Information (continued)

#### d. Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the geographical location of the external customer:

	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Australia	5,971,036	6,639,326
<b>Total revenue</b>	<b>5,971,036</b>	<b>6,639,326</b>

#### e. Assets by geographical region

The location of segment assets is disclosed below, based on the geographical location of the assets:

	Balance as at 30 June 2014	Balance as at 30 June 2013
	\$	\$
Australia	1,293,076	1,760,953
<b>Total assets</b>	<b>1,293,076</b>	<b>1,760,953</b>

#### f. Major customers

The Group has a number of customers to which it renders services. The Group had one external customer which accounted for 4% (2013: 8%) of printing revenue, 15% (2013: 27%) of mailing and distribution revenue and 7% (2013: 15%) of total external revenue.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 27: Cash flow information

	Notes	2014 \$	2013 \$
<b>a. Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>			
Profit/(Loss) after income tax		(846,988)	(24,021)
<b>Non-cash flows in profit/(loss)</b>			
Depreciation expense		515,239	494,122
Impairment of property, plant & equipment		348,698	-
Loss on foreign currency translation	4	(14,270)	(6,047)
Net gain on disposal of property, plant and equipment	4	(3,209)	(156,427)
Net gain on disposal of investments	4	(80,000)	(100,000)
Share of associated company's net profit after income tax and dividends	4	-	(16,715)
<b>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries</b>			
(increase)/decrease in trade and other receivables	11	90,084	(37,340)
(increase)/decrease in other assets	13	141,495	(187,917)
(increase)/decrease in inventories	12	7,752	(57,710)
(increase)/decrease in deferred tax	5	(381,665)	(860)
increase/(decrease) in trade and other payables	19	136,056	(451,871)
increase/(decrease) provisions	22	4,496	(28,268)
Cash flow from/(used in) operations		<u>(82,313)</u>	<u>(573,052)</u>
<b>b. Cash balance comprises:</b>			
- Cash and cash equivalents	10	<u>20,501</u>	<u>148,450</u>
Closing cash and cash equivalents		<u>20,501</u>	<u>148,450</u>

### c. Non-cash Financing and Investing activities

During the prior year, the Group acquired two items of plant and equipment with an aggregate value of \$946,000. Of this amount, \$418,950 was settled in cash prior to 30 June 2013 and the balance of \$527,050 was included in trade and other payables in Note 20. The balance payable at 30 June 2013, being \$527,050 was not reflected in the statement of cash flows during the prior year. The balance was settled during the current year and is included in the statement of cash flows for the current year.

	2014 \$	2013 \$
<b>d. Loan facilities</b>		
Loan facilities available:		
- Bank loan	413,595	862,914
- Bank credit card	25,000	25,000
- Mortgage loans	436,999	310,413
- Loans - other parties	105,000	196,576
- Loans - related parties	50,526	-
	<u>1,031,120</u>	<u>1,394,903</u>
Amount utilised	<u>1,030,176</u>	<u>1,389,235</u>
Unutilised amount	<u>944</u>	<u>5,668</u>

Finance may be provided under all facilities on the condition that the Company and the Group have not breached the terms and conditions of any borrowing requirements.

The collateral and covenants relevant to each financial instrument is summarised in Note. 20. The interest rate, composition and maturity of each financial instrument is detailed in Note 30.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 28. Events after the Reporting Period

On 19 August 2014, the Company repaid its indebtedness to the Australia and New Zealand Banking Group Limited including amounts outstanding in respect of credit cards which were returned to the issuer. The repayment was funded by way of borrowings from an unrelated party. The facility extended by the unrelated party includes the following key terms and conditions:

- Loan Amount: \$380,000
- Term: 18 months
- Interest rate: 10% per annum
- Repayments: monthly repayments of interest only with the Loan amount repayable on maturity
- Security: registered charge over the trade debtors of the Company.

On 22 August 2014, the Company concluded negotiations with an instrumentality of the State of Tasmania and entered into a Deed to lease a production facility at Tasmania's Technopark located at Dowsing Point, Tasmania. The Company has commenced the relocation of its equipment from three existing premises in readiness for the commencement of operations at the new facility on 22 September 2014.

The Company provided the Landlord of the new facility with a Bank Guarantee of \$100,000 issued by Westpac Banking Corporation which Guarantee is supported by a pledged Term Deposit.

Otherwise, no matters or circumstances have arisen since the end of the financial year which would significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### Note 29. Related Party Transactions

#### a. The Group's main related parties are as follows:

##### *Parent entity*

The parent entity is Print Mail Logistics Limited

##### *Subsidiaries*

A subsidiary is an entity that is controlled by the parent entity. Control exists where the investee is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

For details of disclosures relating to controlled entities, refer to Note 16.

##### *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

##### *Entities subject to significant influence by the Group:*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associated companies refer to Note 16.

##### *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 29. Related Party Transactions (continued)

#### b. Transactions with related parties:

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2014 \$	2013 \$
<i>Parent entity</i>		
Sale of goods and services:		
- Armstrong Registry Services Pty Ltd	36,140	48,461
Purchase of goods and services:		
- Armstrong Registry Services Pty Ltd	8,491	7,551
Interest expense:		
- Armstrong Registry Services Pty Ltd	612	-
<i>Subsidiaries</i>		
Purchase of goods and services:		
- Armstrong Registry Services Pty Ltd	-	20,000
Interest expense:		
- Armstrong Registry Services Pty Ltd	-	2,126
<i>Entities subject to significant influence by the Group:</i>		
Sale of goods and services:		
- Print Mail Logistics Limited	8,491	7,551
- Print Mail Logistics (International) Pty Ltd	-	20,000
Purchase of goods and services:		
- Print Mail Logistics Limited	36,140	48,461
Interest revenue:		
- Armstrong Registry Services Pty Ltd	612	2,126

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 29. Related Party Transactions (continued)

#### c. Amounts outstanding from related parties

Trade and other receivables

Unsecured, at call loans are made to the parent entity, subsidiaries, directors, key management personnel and other related parties.

	2014 \$	2013 \$
<i>Loans to/(from) key management personnel:</i>		
Beginning of the year	52,777	39,323
Loans advanced	891,224	800,411
Loan repayment received	(941,750)	(786,957)
De-recognition of loan from Associate on disposal of investment in Associate	(52,777)	-
Interest charged	-	-
Interest received	-	-
Balance at end of the year	(50,526)	52,777

The number of KMP who have received loans during the period:

1 1

	2014 \$	2013 \$
The highest amount of indebtedness during the reporting period for each KMP who received loans:		
N B Elias	183,230	131,204

Temporary loans advanced and repaid during the year do not incur interest. Loans are unsecured and repayable at call. The loan was repaid in full during the year and on 30 June 2014, the director advanced \$50,526 to the Company (see Note 29 C and D).

#### d. Amounts payable to related parties

Trade and other payables

Unsecured, at call loans are provided by the parent entity, subsidiaries, directors, key management personnel and other related parties. The loan was repaid in full during the year and on 30 June 2014, the director advanced \$50,526 to the Company (see Note 29 C and D).

	2014 \$	2013 \$
<i>Loans from key management personnel:</i>		
Beginning of the year	-	13,454
Loans advanced	951,750	786,957
Loan repayment paid	(901,224)	(800,411)
Interest charged	-	-
Interest received	-	-
Balance at end of the year	50,526	-

*Loans from entities subject to significant influence by the Group:*

	2014 \$	2013 \$
Beginning of the year	52,777	52,777
Loans advanced	100,000	100,000
Loan repayment received	(30,000)	(100,000)
De-recognition of loan from Associate on disposal of investment in Associate	(122,777)	-
Interest charged	612	2,126
Interest paid	(612)	(2,126)
Balance at end of the year	-	52,777

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 30. Financial Instruments

#### Financial risk management policies

The Group'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 Group does not have any derivative instruments at 30 June 2014 (2013: \$nil).

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

#### Capital management

The Board's policy is to use any surplus cash to (i) meet the Group's operating financial requirements and (ii) meet its existing debt obligations.

#### Financial risk exposures and management

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

##### (a) Interest rate risk

The Group'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 set out in the following tables:

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 30. Financial Instruments (continued)

#### 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 Statement of Financial Position.

Financial instruments	Floating interest rate		Fixed Interest Rate						Non-interest bearing		Total		Weighted average effective interest rate	
			Within 1 year		Over 1 to 5 years		More than 5 years							
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	%	%
<i>(i) Financial assets</i>														
Cash and cash equivalents	21	148	-	-	-	-	-	-	-	-	21	148	1	1
Trade debtors	-	-	-	-	-	-	-	-	390	480	390	480	-	-
Total financial assets	21	148	-	-	-	-	-	-	390	480	410	628	-	-

	Floating interest rate		Fixed Interest Rate						Non-interest bearing		Total		Weighted average effective interest rate	
			Within 1 year		Over 1 to 5 years		More than 5 years							
	2014 \$('000)	2013 \$('000)	2014 \$('000)	2013 \$('000)	2014 \$('000)	2013 \$('000)	2014 \$('000)	2013 \$('000)	2014 \$('000)	2013 \$('000)	2014 \$('000)	2013 \$('000)	2014 %	2013 %
<b>(ii) Financial liabilities</b>														
Trade payables	-	-	-	-	-	-	-	-	588	374	588	374	-	-
Other payables	-	-	-	-	-	-	-	-	245	855	245	855	-	-
Credit card facility	24	19	-	-	-	-	-	-	-	-	24	19	13	13
Promissory note	-	-	-	-	-	-	-	-	-	200	-	200	-	-
Bank loan	414	863	-	-	-	-	-	-	-	-	414	863	9	9
Mortgage loan	-	310	-	-	437	-	-	-	-	-	437	310	9	8
Lease liability	-	-	173	87	523	246	-	-	-	-	696	333	11	11
Vendor finance facility	-	-	58	-	253	-	11	-	-	-	321	-	11	-
Loans - other	-	-	70	-	-	197	-	-	35	-	105	197	5	9
Loans - related party	-	-	-	-	-	-	-	-	51	-	51	-	-	-
Total financial liabilities	438	1,192	301	87	1,212	443	11	-	919	1,429	2,880	3,151	7	5



## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 30. Financial Instruments (continued)

#### (b) Net fair values

All financial assets and liabilities have been recognised at the reporting date at their net fair values.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position 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.

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

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

#### (c) Credit risk exposures

The Group'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 Group 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	
	2014	2013	2014	2013
Government/Semi-Government	61	64	238	306
Other non-concentrated	39	36	152	173
	100	100	390	479

\* 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 generally less than 30 days;
- credit applications are completed for all new customers; and
- large balances are monitored on a daily basis.

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 30. Financial Instruments (continued)

#### (d) Liquidity risk

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

#### 2014

<i>Contractual maturity:</i> Consolidated Entity	Liability	Contracted Cashflow	Due < 1 year	Due 1-5 years	Due > 5 years
Trade and other payables	833,051	833,051	833,051	-	-
Credit card facility	24,056	24,056	24,056	-	-
Bank loan	413,595	413,595	413,595	-	-
Mortgage loan	436,999	436,999	9,831	39,322	387,846
Lease liability	695,623	810,979	242,709	568,270	-
Vendor finance facility	321,000	321,000	57,885	252,590	10,525
Loans - other	105,000	105,000	105,000		
Loans - related party	50,526	50,526	50,526	-	-

#### 2013

<i>Contractual maturity:</i> Consolidated Entity	Liability	Contracted Cashflow	Due < 1 year	Due 1-5 years	Due > 5 years
Trade and other payables	1,229,702	1,229,702	1,229,702	-	-
Credit card facility	19,332	19,332	19,332	-	-
Promissory note	200,000	200,000	200,000	-	-
Bank loan	862,914	862,914	862,914	-	-
Mortgage loan	310,413	310,413	6,478	37,689	266,246
Lease liability	333,200	401,633	120,369	281,264	-
Loans - other	196,576	196,576	-	196,576	-

#### (e) Interest rate sensitivity analysis

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

## Notes to the Financial Statements (continued)

30 JUNE 2014

### Note 31. Reserves

The Group has not recognised or recorded any reserves within equity.

### Note 32. Economic Dependency

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

### Note 33. Company Details

As at 30 June 2014 and 11 September 2014, the registered office of the company is:

Print Mail Logistics Limited

Ground Floor  
30 Davey Street  
Hobart TAS 7000

As at 30 June 2014 and 11 September 2014, the principal places of business are:

- Print Mail Logistics Limited

Head office  
Ground Floor  
30 Davey Street  
Hobart TAS 7000

- Print Mail Logistics Limited

Printing and finishing division  
Level 2 and Basement  
24 Davey Street  
Hobart TAS 7000

- Print Mail Logistics Limited

Mailing division  
28 Patriarch Drive  
Huntingfield TAS 7055

Effective 22 September 2014, the registered office of the company and the principal place of business will be:

- Print Mail Logistics Limited

33 Innovation Drive  
Tasmanian Technopark  
Dowsing Point TAS 7010

## Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and the notes of the Company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's and Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (iii) complying with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1; 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; and
- (c) the Managing Director and Chief Financial Officer have each provided the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'John W Woods', with a stylized flourish extending from the end.

John W Woods  
Chairman

11 September 2014  
Date  
Hobart, Tasmania

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Print Mail Logistics Limited

### **Report on the Financial Report**

We have audited the accompanying financial report of Print Mail Logistics Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Print Mail Logistics Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### **Auditor's Opinion**

In our opinion:

- a. the financial report of Print Mail Logistics Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of their fair performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the remuneration report included in pages 9 to 12 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's Opinion**

In our opinion the remuneration report of Print Mail Logistics Limited for the period ended 30 June 2014 complies with s 300A of the Corporations Act 2001.

**DBW Audit Pty Limited**



**Matthew Duggan**  
**Director**

Signed at Sydney 11 September 2014

## Shareholder information

### A. Substantial Shareholders as at 30 June 2014

Name	Number of Shares	Percentage of issued shares
Landav Pty Ltd	6,115,000	16.33%
NSS Trustees Limited <The Capo Bianco Retirement A/C>	5,546,418	14.81%
Mr J Capo-Bianco & Mrs S Capo-Bianco & NSS Trustees Ltd	3,340,774	8.92%
Mr Nigel Benjamin Elias	3,008,253	8.03%
Pumbaa Investment Pty Ltd <Penrose Family Trust A/C>	2,250,000	6.01%

### B. Distribution of Fully Paid Ordinary Shares as at 30 June 2014

Number	Number of Holders	Number of Shares
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	45	349,338
10,001 - 100,000	42	1,421,338
100,001 and over	33	35,681,814
	120	37,452,490

### C. Twenty Largest Shareholders as at 30 June 2014

Name	Number of Shares	Percentage of issued shares
Landav Pty Ltd	6,115,000	16.33%
NSS Trustees Limited <The Capo Bianco Retirement A/C>	5,546,418	14.81%
Mr J Capo-Bianco & Mrs S Capo-Bianco & NSS Trustees Ltd	3,340,774	8.92%
Mr Nigel Benjamin Elias	3,008,253	8.03%
Pumbaa Investment Pty Ltd <Penrose Family Trust A/C>	2,250,000	6.01%
Dermos Pty Ltd <RV Jordan Settlement No 2 A/C>	1,777,334	4.75%
Mr Marc Hoegger	1,500,000	4.01%
Mrs Jane Anne George	1,469,666	3.92%
Mr David Harris Stewart	1,177,000	3.14%
Pumbaa Investment Pty Ltd <Penrose Superannuation Fund A/C>	1,150,000	3.07%
Mr Robert Craig Cameron	1,128,000	3.01%
Landav Pty Ltd <Jennifer Ann Campbell A/C>	670,000	1.79%
HSBC Custody Nominees (Australia) Limited	620,000	1.66%
Nigel Benjamin Elias and Benjamin Nissim Elias <Elias Super Fund A/C>	580,000	1.55%
Inveham Pty Ltd <BK Hamilton Superannuation Fund>	440,000	1.17%
Dermos Pty Ltd <The Gillam Super Fund A/C>	433,334	1.16%
Estival Holdings Pty Ltd	400,000	1.07%
Hobart Properties and Securities Pty Ltd	400,000	1.07%
Lewis Securities Ltd (In liquidation)	379,998	1.01%
<b>Top 20 Holders of Issued Capital as at 30 June 2014</b>	<b>32,385,777</b>	<b>86.47%</b>

### D. Voting Rights – Ordinary Shares

On a show of hands, every member, present in person or by proxy, shall have one vote and upon a poll every member, present in person or by proxy, shall have one vote for each share.