



annual report 2010/2011

Print Mail Logistics Limited
ACN 103 116 856

Corporate Directory.....	2
Directors' Report	3
Auditor's Independence Declaration	16
Corporate Governance Statement.....	17
Statements of Comprehensive Income.....	23
Statements of Financial Position.....	24
Statements of Changes in Equity	25
Statements of Cash Flows.....	27
Notes to the Financial Statements.....	28
Directors' Declaration.....	76
Independent Auditor's Report.....	77
Shareholder Information	79

The financial statements were authorised for issue by the Board of directors on 5 September 2011. The Board has the power to amend or reissue the report after it has been issued.

Directors	<p>John W Woods <i>Chairman (Non-executive)</i></p> <p>Nigel B Elias <i>Director (Executive)</i></p> <p>Robert C Cameron <i>Director (Non-executive)</i></p>
Secretaries	<p>Ian B Hopkins Adrian J Pereira</p>
Notice of Annual General Meeting	<p>The Annual General Meeting of Print Mail Logistics Limited will be held at: Print Mail Logistics Limited Ground Floor 30 Davey Street Hobart, Tasmania, 7000</p> <p>at: 9:00am on: Monday 10th October 2011</p> <p>A formal notice of meeting is enclosed with this Annual Report.</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 register	<p>Armstrong Registry Services Limited Level 22, 307 Queen Street Brisbane QLD 4000 +61 7 3231 0050</p>
Auditor	<p>Crowe Horwath Brisbane 120 Edward Street Brisbane QLD 4000</p>
Solicitors	<p>Allens Arthur Robinson Deutsche Bank Place 126 Phillip Street Sydney NSW 2000</p>
Bankers	<p>Australia and New Zealand Banking Group Limited 40 Elizabeth Street Hobart TAS 7000</p> <p>National Australia Bank Limited Level 10, 86 Collins 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>www.pml.com.au</p>

Your Directors present their report on Print Mail Logistics Limited ("Company") and its controlled entities (collectively referred to as "Consolidated Entity") for the year ended 30 June 2011.

Directors

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

John W Woods
Nigel B Elias
Robert C Cameron

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

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:

Ian B Hopkins – Has a Bachelor of Commerce (University of New South Wales), and is a Certified Practising Accountant. Mr Hopkins was appointed Company Secretary on 2 June 2004, and has 21 years experience as a Company Secretary.

Adrian J Pereira – Has a Bachelor of Commerce (University of Tasmania), and is a Chartered Accountant. Mr Pereira was appointed Company Secretary on 25 January 2007. Mr Pereira is the Chief Financial Officer of the Company with 6 years experience in that role together with 4 years experience in a public Chartered Accounting firm.

Meetings of Directors

During the financial year 14 meetings of Directors (including four 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	10	10	2	2	1	1	1	1
Nigel B Elias	10	8	2	2	1	1	1	1
Robert C Cameron	10	6	2	1	1	1	1	1

Corporate Structure

The Company is a listed public company limited by shares and is incorporated and domiciled in Australia.

Review of Operations

The Consolidated Entity recorded a loss of \$335,087 for the year ended 30 June 2011 (2010: profit of \$92,206).

The loss for the year ended 30 June 2011 comprises of:

- profit from continuing operations: \$15,731 (2010: loss of \$160,902)
- loss from discontinued operations: \$350,818 (2010: profit \$253,108).

The loss was affected by the following one off expenses relevant to the re-financing of the Company;

- notional (non-cash) interest on settlement of all convertible notes outstanding at 30 June 2010: \$61,303
- application fees and termination fees: \$20,699.

During the period, the Company:

- repaid all convertible notes totalling \$688,697 (with a face value of \$750,000)
- repaid an asset finance loan valued at \$283,833 at 30 June 2010
- accepted a finance facility at an amount of \$1,280,000 repayable over 5 years
- contracted with an interstate council for the printing and distribution of its rates notices.

In the context of current global business conditions and in light of the Consolidated Entity's historical financial position, the directors consider the results of the Consolidated Entity to be satisfactory.

Financial Position

At 30 June 2011, the Consolidated Entity had net assets of \$1,498,350 (2010: \$1,781,937).

At 30 June 2011, the Consolidated Entity had a net working capital deficiency (net current liabilities) of \$1,556,188 (2010: \$1,397,681) and was in technical breach of the loan covenants relevant to a finance facility referred to in Note 17 of the financial report.

As a consequence of the technical breach, the Consolidated Entity has disclosed the portion of the interest bearing financial liability that would ordinarily be disclosed as a non-current liability (\$971,395) as a current liability in accordance with Australian Accounting Standards including AASB 101: *Presentation of financial statements*.

On 2 September 2011, the Company negotiated the continuation of the facility by way of accepting an offer from the lender to vary the terms and conditions of the facility.

Notwithstanding the net liabilities position, the Directors consider that the going concern assumption adopted in the preparation of the financial report is appropriate and that the consolidated entity has the resources available for the repayment of its financial liabilities as and when they fall due. The going concern assumption is outlined in Note 1(b) basis of preparation.

Key Business Strategies

The Consolidated Entity's business strategies are to leverage its industry experience and credibility to provide transactional printing and related communication solutions to the Australian and selected international markets.

Future Prospects

With the objective of maximising the Consolidated Entity's net worth, the Consolidated Entity proposes to increase revenue by way of concentrating on markets both within and outside of the state of Tasmania.

Significant Changes in the State of Affairs

On 1 June 2011 the Company sold 100% of its interest in its controlled entity, 999999999 Pty Ltd. The disposal is disclosed in Notes 5, 26 and 27 of the Financial Statements.

Principal Activities

The principal activities of the Consolidated Entity during the financial year were the rendering of printing, mailing and distribution services.

After Balance Date Events

On 2 September 2011, the Company negotiated the continuation of the finance facility referred to in Note 17 of the Financial Statements by way of accepting an offer from the lender to vary the terms and conditions of the facility.

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 Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

Environmental issues

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

Dividends

No dividends were paid or declared during the financial year (2010: nil). No recommendation for payment of dividends has been made.

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.

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 \$9,844 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.

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' 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 currently sits 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.

Mr Woods holds a beneficial interest in 57,000 ordinary shares in the Company.

Nigel B Elias – 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 Consolidated Entity's activities.

Mr Elias holds a beneficial interest in 3,109,720 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 is a Fellow of the Institute of Chartered Accountants and a former Director of Asia Pacific Infrastructure Limited ACN 010 966 793.

Mr Cameron holds a beneficial interest in 504,000 ordinary shares in the Company.

Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16 of this Annual Report.

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 the services disclosed below did not compromise the external auditor's independence for the following reasons:

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

Fees for non-audit services to the value of \$11,000 were paid/are payable to the external auditors during the year ended 30 June 2011 for taxation services.

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 17 of this report.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Certain amounts in the Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars.

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 Consolidated Entity, 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-calibre personnel;
- Executives, comprising of the Directors, Company Secretaries, the General Manager and the Chief Financial Officer, have authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity;
- 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 Consolidated Entity'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.

Remuneration Report (continued)

Executives

The following table provides employment details of persons who were, during the current financial year, Executives of the Consolidated Entity.

Executive	Position held ²	Term of contract	Period of notice required for termination and related amounts payable	Proportion of elements of remuneration related to performance ²				Proportion of elements of remuneration not related to performance		
				Non-salary cash based incentives	Shares /Units	Options /Rights	Other	Fixed Salary ¹	Other	Total %
Nigel B Elias	Managing Director	2.5 years commencing on 1 July 2009 and terminating on 31 December 2011	2 months. In the event the employment contract is terminated, Mr Elias is entitled to a payment equivalent to 4 months salary.	-	-	-	-	100%	-	100%
Peter A MacLeod	General Manager	2.5 years commencing on 1 July 2009 and terminating on 31 December 2011	2 months. In the event the employment contract is terminated, Mr MacLeod is entitled to a payment equivalent to 6 months salary.	-	-	-	-	90.8%	9.2%	100%
Adrian J Pereira	Chief Financial Officer / Company Secretary	2.5 years commencing on 1 July 2009 and terminating on 31 December 2011	2 months. In the event the employment contract is terminated, Mr Pereira is entitled to a payment equivalent to 6 months salary.	-	-	-	-	93.3%	6.7%	100%
Ian B Hopkins	Company Secretary	Appointed 2 June 2004	-	-	-	-	-	-	100%	100%
John W Woods	Chairman/ Non-executive Director	Appointed 1 June 2009	-	-	-	-	-	100%	-	100%
Robert C Cameron	Non-executive Director	Appointed 1 April 2010	-	-	-	-	-	100%	-	100%

¹Fixed 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 Consolidated Entity.

²There have been no changes to the persons or positions occupied from that listed above subsequent to year-end.

Remuneration Report (continued)

Executives

The following table provides employment details of persons who were, during the prior financial year, Executives of the Consolidated Entity.

Executive	Position held ⁴	Term of contract	Period of notice required for termination and related amounts payable	Proportion of elements of remuneration related to performance ³				Proportion of elements of remuneration not related to performance		
				Non-salary cash based incentives	Shares /Units	Options/ Rights	Other	Fixed Salary ²	Other	Total %
Nigel B Elias	Managing Director	2.5 years commencing on 1 July 2009 and terminating on 31 December 2011	2 months. In the event the employment contract is terminated, Mr Elias is entitled to a payment equivalent to 4 months salary.	-	-	-	-	66.7%	33.3%	100%
Peter A MacLeod	General Manager	2.5 years commencing on 1 July 2009 and terminating on 31 December 2011	2 months. In the event the employment contract is terminated, Mr MacLeod is entitled to a payment equivalent to 6 months salary.	-	-	-	5.5%	84.9%	9.6%	100%
Adrian J Pereira	Chief Financial Officer / Company Secretary	2.5 years commencing on 1 July 2009 and terminating on 31 December 2011	2 months. In the event the employment contract is terminated, Mr Pereira is entitled to a payment equivalent to 6 months salary.	-	-	-	5.7%	88.2%	6.1%	100%
Ian B Hopkins ¹	Company Secretary	Appointed 2 June 2004	-	-	-	-	-	-	100%	100%
John W Woods	Chairman/ Non-executive Director	Appointed 1 June 2009	-	-	-	-	100%	-	-	100%
Robert C Cameron	Non-executive Director	Appointed 1 April 2010	-	-	-	-	100%	-	-	100%
Robert K Stewart ⁵	Chairman/ Non-executive Director	7 June 2007 – 11 March 2010	-	-	-	-	100%	-	-	100%
William K Downie	Non-executive Director	11 March 2010 – 1 April 2010	-	-	-	-	100%	-	-	100%

Remuneration Report (continued)

Executives (continued)

¹Mr Hopkins held the position of Company Secretary for the entirety of the financial year having been appointed to the position of Company Secretary on 2 June 2004. During the period to 22 October 2009, Mr Hopkins was employed by Allens Arthur Robinson Corporate Pty Ltd ACN 001 314 512 and the Consolidated Entity contracted with Allens Arthur Robinson Corporate Pty Ltd ACN 001 314 512 for the provision of Mr Hopkins' company secretarial services to the Consolidated Entity. During that period, the Consolidated Entity paid fees totalling \$20,053 to Allens Arthur Robinson Corporate Pty Ltd ACN 001 314 512 in consideration for the provision of company secretarial services by Mr Hopkins. On 13 November 2009, the Company entered into an agreement with Hopkins Corporate Solutions Pty Ltd ACN 139 791 825 for the provision of company secretarial services on account of the Consolidated Entity. During the period 22 October 2009 to 30 June 2010, the fees paid or payable for the provision of company secretarial services to the Consolidated Entity totalled \$14,048.00 plus GST.

²Fixed 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 Consolidated Entity.

³During the period, performance related bonuses totalling \$12,670 were paid to Mr MacLeod (as to \$6,335) and Mr Pereira (as to \$6,335). The bonuses were paid in July, 2009 based on financial performance measures that were met at 30 June 2009. The performance bonuses were calculated using the following formula:

Consolidated Entities Earnings before Depreciation and Amortisation ("EBDA")	X	1
(Number of employees at balance date)		4

Effective 1 July 2009, Mr MacLeod and Mr Pereira were excluded from participation in the staff profit share arrangement and effective 31 December 2009, the staff profit share was terminated. The measure was adopted at inception to motivate the staff, including Executives, to increase shareholder wealth by maximising EBDA.

⁴There have been no changes to the persons or positions occupied from that listed above subsequent to year-end.

⁵During the period, there was no remuneration paid to Mr Stewart.

Remuneration Report (continued)

Remuneration details

The following table of payments and benefits details, in respect to the current financial year, the components of remuneration for each Executive of the Consolidated Entity.

	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	Profit share and bonuses ¹	Non-monetary	Other ²	Pension and superannuation	Other	Incentive plans	Other	Shares /units	Options /rights			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Directors													
Nigel B Elias	162,000	-	-	-	14,580	-	-	5,000	-	-	-	-	181,580
John W Woods	25,000	-	-	-	2,250	-	-	-	-	-	-	-	27,250
Robert C Cameron	25,000	-	-	-	2,250	-	-	-	-	-	-	-	27,250
Executives													
Peter A MacLeod	90,000	5,000	-	4,461	8,550	-	-	1,500	-	-	-	-	109,511
Adrian J Pereira	73,500	5,000	-	243	6,847	-	-	-	-	-	-	-	85,590
Ian B Hopkins	-	-	-	14,964	-	-	-	-	-	-	-	-	14,964
Total	375,500	10,000	-	19,668	34,477	-	-	6,500	-	-	-	-	446,145

¹The following Executives were paid an ex gratia bonus:

- Mr MacLeod \$5,450 (including superannuation of \$450)
- Mr Pereira \$5,450 (including superannuation of \$450).

²During the financial year, other short-term benefits were paid on account of motor vehicle allowances paid to Mr MacLeod (\$4,461) and Mr Pereira (\$243).

Remuneration Report (continued)

Remuneration details

The following table of payments and benefits details, in respect to the prior financial year, the components of remuneration for each Executive of the Consolidated Entity.

	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	Profit share and bonuses ^{1 2 3}	Non-monetary	Other ⁴	Pension and superannuation	Other	Incentive plans	Other	Shares /units	Options /rights			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Directors													
Nigel B Elias	160,586	80,225	-	-	21,675	-	-	-	-	-	-	-	262,486
John W Woods	7,500	-	-	-	675	-	-	-	-	-	-	-	8,175
Robert C Cameron	7,500	-	-	-	675	-	-	-	-	-	-	-	8,175
Robert K Stewart	-	-	-	-	-	-	-	-	-	-	-	-	-
William K Downie	1,808	-	-	-	163	-	-	-	-	-	-	-	1,971
Executives													
Peter A MacLeod	90,000	11,207	-	4,835	9,543	-	-	1,500	-	-	-	-	117,085
Adrian J Pereira	90,000	11,207	-	501	9,543	-	-	-	-	-	-	-	111,251
Ian B Hopkins ⁵	-	-	-	14,048	-	-	-	-	-	-	-	-	14,048
Total	357,394	102,639	-	19,384	42,274	-	-	1,500	-	-	-	-	521,691

¹During the financial year, the following Executives were paid bonuses as consideration for agreeing to enter into a Deed of Employment with the Company on 1 July 2009:

- Mr Elias \$87,447 (including superannuation of \$7,222)
- Mr MacLeod \$5,415 (including superannuation of \$920)
- Mr Pereira \$5,415 (including superannuation of \$920).

²During the financial year, the following Executives were paid a bonus related to a staff profit share arrangement for the period ended 30 June 2009 in accordance with employment agreements with the Company that applied on 30 June 2009:

- Mr MacLeod \$6,335 (including superannuation of \$523)
- Mr Pereira \$6,335 (including superannuation of \$523).

³The following Executives were paid an ex gratia bonus for additional duties carried out during the IPO:

- Mr MacLeod \$900
- Mr Pereira \$900.

⁴During the financial year, other short-term benefits were paid on account of motor vehicle allowances paid to Mr MacLeod (as to \$4,835) and Mr Pereira (as to \$501).

Remuneration Report (continued)

Remuneration details (continued)

⁵Mr Hopkins held the position of Company Secretary for the entirety of the financial year having been appointed to the position of Company Secretary on 2 June 2004. During the period to 22 October 2009, Mr Hopkins was employed by Allens Arthur Robinson Corporate Pty Ltd ACN 001 314 512 and the Consolidated Entity contracted with that law firm for the provision of Mr Hopkins' company secretarial services to the Consolidated Entity. During that period, the Consolidated Entity paid fees totalling \$20,053 to Allens Arthur Robinson Corporate Pty Ltd ACN 001 314 512 in consideration for the provision of company secretarial services by Mr Hopkins. On 13 November 2009, the Company entered into an agreement with Hopkins Corporate Solutions Pty Ltd ACN 139 791 825 for the provision of company secretarial services on account of the Company and the Consolidated Entity. During the period 22 October 2009 to 30 June 2010, the fees paid or payable for the provision of company secretarial services to the Consolidated Entity totalled \$14,048.00 plus GST.

Remuneration Report (continued)

Loans to Executives

There are no loans to Executives at balance date.

Share and Options Granted to Executives

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

Executives' Interest in Contracts

On 13 November 2009, the Company entered into an Agreement with Hopkins Corporate Solutions Pty Ltd ACN 139 791 825 for the provision of company secretarial services by Mr Hopkins to the Consolidated Entity. The Agreement does not include a termination date however if required, the Company Secretary's services may be terminated at any time.

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



John W Woods
Chairman

5th September 2011
Hobart, Tasmania



Crowe Horwath Brisbane
ABN 79 981 227 862
Member Crowe Horwath International

Level 16, 120 Edward Street
Brisbane QLD 4000 Australia
GPO Box 736
Brisbane QLD 4001 Australia
Tel: +61 7 3233 3555
Fax: +61 7 3233 3567
www.crowehorwath.com.au

A WHK Group Firm

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 2011 there have been:

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

A handwritten signature in black ink that reads "Crowe Horwath Brisbane".

Crowe Horwath Brisbane

A handwritten signature in black ink that reads "Vanessa de Waal".

Vanessa de Waal
Partner

Signed at Brisbane, 5 September 2011

Crowe Horwath Brisbane is a member of Crowe Horwath International, a Swiss Verein (Crowe Horwath). Each member firm of Crowe Horwath is a separate and independent legal entity. Crowe Horwath Brisbane and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath or any other member of Crowe Horwath and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath or any other Crowe Horwath member. © 2011 Crowe Horwath Brisbane

Liability Limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

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 Robert C Cameron.

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 Consolidated Entity;
- 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 Consolidated Entity.

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 Consolidated Entity 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 all 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.



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.

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 Consolidated Entity'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 Consolidated Entity during the year, changes in the state of affairs of the Consolidated Entity, and details of future developments in addition to the other disclosures required by the *Corporations Act 2001*;

Continuous Disclosure and Communication with Shareholders (continued)

- proposed major changes in the Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity 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.



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.

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 Consolidated Entity, 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 Cameron. 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 Consolidated Entity, and of the Consolidated Entity's business continuity plan, and assessment of the adequacy of internal controls; and
- review of related party transactions.



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 Consolidated Entity;
- 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 Consolidated Entity 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 Consolidated Entity. 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 Consolidated Entity'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.