

Appendix 4D

Half-year report

Wellcom Group Limited

ACN 114 312 542

Current reporting period: Half-year ended 31 December 2017
Previous reporting period: Half-year ended 31 December 2016

Results for announcement to the market

<u>Financial Results</u>				\$'000
Revenue *	up	3%	to	75,865
Profit after tax from ordinary activities attributable to members	up	5%	to	5,960
Net profit for the period attributable to members	up	5%	to	5,960

* Revenues (excluding pass through costs) of \$52,117k (1H17: \$49,679k) represented an increase of 5% over the previous corresponding financial period.

Dividends / Distributions

	Amount per security	Franked amount per security
Current period		
- Interim dividend for the period ended 31 December 2017	10.0 ¢	10.0 ¢
- Special dividend	25.0 ¢	25.0 ¢
Previous corresponding period		
- Interim dividend for the period ended 31 December 2016	9.5 ¢	9.5 ¢
Record date for determining entitlements to the interim and special dividend		2 March 2018
Payment date for the interim and special dividend		16 March 2018

For details regarding the operations and financial performance of Wellcom Group Limited for the period ended 31 December 2017 please refer to the attached half-year financial report.

Half-year financial report

Wellcom Group Limited

ACN 114 312 542

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Directors' report

The directors of Wellcom Group Limited ('the Company') submit herewith the financial report of the consolidated entity ('the Group') for the half-year ended 31 December 2017, consisting of the Company and the entities it controlled during the half-year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the Company during or since the end of the half-year until the date of this report are:

W.W. Sidwell	K.B. Smith
C.A. Anzarut	J.A. Kendall

Directors were in office for this entire period unless otherwise stated.

Principal activities

The principal activities of the consolidated entity during the period were:

The provision of advertising and marketing content production and content management services in Australia, the United Kingdom, the United States of America, New Zealand, and Asia encompassing the following services:

- Creative Content Production
- Design, Artwork and Creative Retouching
- Software, Data and Facilities Management
- Digital Photography
- Television Production
- Digital Print
- Pre-media Services; and
- Print Management

Review of operations

Wellcom recorded statutory revenue of \$75,865k for the half-year to 31 December 2017 (1H17: \$73,928k), representing an increase of 3% over the previous corresponding period. Net revenue (excluding print management pass through costs) of \$52,117k for the half-year (1H17: \$49,679k) represented an increase of 5% over the previous corresponding period. New business wins contributing to the growth in revenues included Countdown (NZ), J.C.Penney (US), Red Lobster (US) and Tesco (UK).

Operating margins within the Group were maintained at 20% on a net revenue basis.

Earnings before interest, tax, depreciation and amortisation for the Group increased 5%, to \$10,369k (1H17: \$9,841k) with earnings before interest and tax for the Group increasing by 5%, to \$8,909k (1H17: \$8,470k), and net profit after tax from continuing operations increasing by 5%, to \$5,960k (1H17: \$5,696k). The effective Group tax rate for the half-year was 33% (1H17: 33%).

The Group generated \$6,461k in cash from operating activities for the half-year ended 31 December 2017 (1H17: \$2,661k). As at 31 December 2017 Wellcom has no net debt with cash and cash equivalents in excess of interest bearing liabilities by \$6,233k (1H17: \$3,797k).

Dividends

The Directors have declared a fully franked interim dividend of 10.0 cents per share (1H17: 9.5 cents per share). This equates to a payout ratio of approximately 66% (1H17: 65%). The record date for determining entitlements to the interim dividend is 2 March 2018, and payment will occur on 16 March 2018.

In addition to the interim dividend, the Directors have declared a fully-franked special dividend of 25.0 cents per share. The purpose of the special dividend is to return a portion of surplus capital and excess franking credits equitably to shareholders and, through debt financing, ensure Wellcom achieves an efficient capital structure. Importantly, Wellcom will maintain the flexibility to fund future growth opportunities, and the ability to frank future dividends. The record date for determining entitlements to the special dividend is 2 March 2018, and payment will occur on 16 March 2018.

Auditor's independence declaration under Section 307 of the Corporations Act 2001

The auditor's independence declaration is included on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2017.

Rounding off of amounts

The Company is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts in the Directors' Report and the half-year financial report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001* .

On behalf of the Directors



Wayne Sidwell
Chairman

Melbourne, 20 February 2018



Auditor's Independence Declaration

As lead auditor for the review of the financial report of Wellcom Group Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wellcom Group Limited and the entities it controlled during the period.

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
20 February 2018

HLB Mann Judd (VIC Partnership)

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Independent Auditor's Review Report to the Members of Wellcom Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wellcom Group Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (VIC Partnership)

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wellcom Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

HLB Mann Judd

A handwritten signature in black ink, appearing to read 'Nick Walker'.

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
20 February 2018

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

- (b) there are reasonable grounds to believe that Wellcom Group Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Wayne Sidwell
Chairman

Melbourne, 20 February 2018

Consolidated Income Statement For the half-year ended 31 December 2017

		31 December 2017	31 December 2016
	Note	\$'000	\$'000
Continuing operations			
Revenue	4(a)	75,865	73,928
Cost of sales		(32,234)	(33,042)
Gross Profit		43,631	40,886
Other income	4(b)	364	435
Occupancy expenses		(3,842)	(3,491)
Employee benefits expense	4(c)	(27,113)	(25,754)
Depreciation and amortisation	4(d)	(1,460)	(1,371)
Finance costs	4(e)	(62)	(68)
Consulting expenses		(64)	(61)
Other expenses		(2,578)	(2,136)
Profit from continuing operations before income tax expense		8,876	8,440
Income tax expense		(2,916)	(2,744)
Net profit for the period attributable to the owners of Wellcom Group Limited		5,960	5,696

Earnings per share:

Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the parent:

Basic (cents per share)	15.21	14.53
Diluted (cents per share)	15.21	14.53
Earnings per share from profit attributable to the ordinary equity holders of the parent:		
Basic (cents per share)	15.21	14.53
Diluted (cents per share)	15.21	14.53

The consolidated income statement is to be read in conjunction with the notes to the half-year financial statements included on pages 14 to 19.

Consolidated Statement of Comprehensive Income For the half-year ended 31 December 2017

	31 December 2017 \$'000	31 December 2016 \$'000
Profit for the period	5,960	5,696
Other comprehensive income		
<i>Items that may be reclassified to profit or loss when specific conditions are met</i>		
Foreign currency translation	(77)	(104)
Other comprehensive income for the period, net of tax	(77)	(104)
Total comprehensive income for the period attributable to owners of Wellcom Group Limited	5,883	5,592

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the half-year financial statements included on pages 14 to 19.

Consolidated Statement of Financial Position As at 31 December 2017

	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
Current assets		
Cash and cash equivalents	6,365	6,823
Trade and other receivables	21,338	22,329
Inventories & work in progress	3,583	1,733
Current tax receivable	-	42
Other current assets	1,416	1,625
Total current assets	32,702	32,552
Non-current assets		
Property, plant and equipment	4,523	4,551
Deferred tax assets	1,262	1,287
Intangible assets	48,539	48,398
Other non-current assets	274	319
Total non-current assets	54,598	54,555
Total assets	87,300	87,107
Current liabilities		
Trade and other payables	14,169	14,501
Short term borrowings	93	95
Current tax payables	112	-
Provisions	3,848	3,876
Total current liabilities	18,222	18,472
Non-current liabilities		
Long term borrowings	39	44
Deferred tax liabilities	1,696	1,851
Provisions	337	396
Other non-current liabilities	452	382
Total non-current liabilities	2,524	2,673
Total liabilities	20,746	21,145
Net assets	66,554	65,962
Equity		
Contributed equity	38,355	38,355
Retained earnings and reserves	28,199	27,607
Total equity	66,554	65,962

The consolidated statement of financial position is to be read in conjunction with the notes to the half-year financial statements included on pages 14 to 19.

Consolidated Statement of Changes in Equity For the half-year ended 31 December 2017

	Contributed equity	Reserves	Retained Earnings	Total Equity
Note	\$'000	\$'000	\$'000	\$'000
At 1 July, 2017	38,355	(985)	28,592	65,962
Profit for the period	-	-	5,960	5,960
Other comprehensive income	-	(77)	-	(77)
Total comprehensive income for the period	-	(77)	5,960	5,883
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(5,291)	(5,291)
At 31 December, 2017	38,355	(1,062)	29,261	66,554

	Contributed equity	Reserves	Retained Earnings	Total Equity
Note	\$'000	\$'000	\$'000	\$'000
At 1 July, 2016	38,355	94	26,979	65,428
Profit for the period	-	-	5,696	5,696
Other comprehensive income	-	(104)	-	(104)
Total comprehensive income for the period	-	(104)	5,696	5,592
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(5,291)	(5,291)
At 31 December, 2016	38,355	(10)	27,384	65,729

The consolidated statement of changes in equity is to be read in conjunction with the notes to the half-year financial statements included on pages 14 to 19.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2017

	31 December 2017	31 December 2016
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	82,892	80,190
Payments to suppliers/employees (inclusive of GST)	(73,456)	(75,323)
Interest and other costs of finance paid	(62)	(68)
Income tax paid	(2,913)	(2,138)
Net cash provided by operating activities	6,461	2,661
Cash flows from investing activities		
Interest received	33	41
Payment for property, plant and equipment	(1,026)	(810)
Payment of development costs	(610)	(327)
Net cash used in investing activities	(1,603)	(1,096)
Cash flows from financing activities		
Dividends paid	(5,291)	(5,291)
Payments of borrowings	(14)	(36)
Net cash used in financing activities	(5,305)	(5,327)
Net decrease in cash and cash equivalents	(447)	(3,762)
Cash and cash equivalents at the beginning of the period	6,823	7,764
Effects of exchange rate changes on cash and cash equivalents	(11)	4
Cash and cash equivalents at the end of the period	6,365	4,006

The consolidated statement of cash flows is to be read in conjunction with the notes to the half-year financial statements included on pages 14 to 19.

Notes to the financial statements for the half-year ended 31 December 2017

1. Corporate information

The financial report of Wellcom Group Limited for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 20 February 2018.

Wellcom Group Limited is a for profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX).

The nature of the operations and principal activities of the Group are described in the directors' report. The Group includes the Company and its controlled entities.

2. Summary of significant account policies

Basis of preparation

This interim general purpose financial report for the half-year ended 31 December 2017 has been prepared in accordance with Accounting Standards AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and considered together with any public announcements made by Wellcom Group Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX Listing Rules. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Adoption of new and revised Accounting Standards

During the half-year ended 31 December 2017, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for reporting periods beginning on or after 1 July 2017.

The revised Standards and Interpretations did not affect the Group's accounting policies or the amounts reported in the financial statements.

Significant accounting judgements and key estimates

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

In preparing the half-year financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

Impact of standards issued but not yet applied to the Group

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

2. Summary of significant account policies (continued)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months.

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The standard will affect primarily the accounting for the group's operating lease commitments. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

3. Segment reporting

a) Description of segments

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

The operating segments are identified by management based on the nature of the goods or services provided and the country of origin. Discrete financial information about each of these operating businesses is reported to the Board of Directors on a monthly basis. The reportable segments identified in the current year are the provision of services in Australasia, United Kingdom and United States of America.

b) Segment information provided to the Board of Directors

The following table presents revenue, profit, total asset and total liability information for the half-year ended 31 December 2017.

Half-year ended 31 December 2017	Australasia \$'000	UK \$'000	US \$'000	Elimination \$'000	Total \$'000
Total segment revenue	52,016	8,238	16,083	(472)	75,865
Inter-segment revenue	(416)	(42)	(14)	472	-
Revenue from external customers	51,600	8,196	16,069	-	75,865
Segment result	6,325	394	3,339	-	10,058
Interest revenue	301	-	-	(272)	29
Interest expense	(58)	(7)	(269)	272	(62)
Depreciation and amortisation	(1,021)	(147)	(292)	-	(1,460)
Income tax expense	(1,692)	(49)	(1,175)	-	(2,916)
Total segment assets	71,686	8,599	21,472	(14,457)	87,300
Total segment liabilities	15,765	2,742	14,003	(11,764)	20,746

The following table presents revenue, profit, total asset and total liability information for the half-year ended 31 December 2016.

Half-year ended 31 December 2016	Australasia \$'000	UK \$'000	US \$'000	Elimination \$'000	Total \$'000
Total segment revenue	52,322	9,572	12,878	(844)	73,928
Inter-segment revenue	(802)	(42)	-	844	-
Revenue from external customers	51,520	9,530	12,878	-	73,928
Segment result	6,648	963	2,072	-	9,683
Interest revenue	327	-	-	(289)	38
Interest expense	(15)	(8)	(334)	289	(68)
Depreciation and amortisation	(930)	(157)	(284)	-	(1,371)
Income tax expense	(1,707)	(144)	(893)	-	(2,744)
Total segment assets	74,978	8,713	21,070	(16,823)	87,938
Total segment liabilities	16,758	3,251	16,270	(14,070)	22,209

3. Segment reporting (continued)

c) Segment result reconciliation to profit after tax per the consolidated income statement

	31 December 2017 \$'000	31 December 2016 \$'000
Segment result	10,058	9,683
Interest revenue	29	38
Interest expense	(62)	(68)
Corporate charges	(1,149)	(1,213)
Income tax expense	(2,916)	(2,744)
Total net profit after tax per the consolidated income statement	5,960	5,696

4. Profit from operations

	31 December 2017 \$'000	31 December 2016 \$'000
Revenue and expenses from operations		
(a) Revenue		
Revenue from continuing operations	75,865	73,928
(b) Other income		
Interest income	29	38
Other	335	397
	364	435
	76,229	74,363
(c) Employee benefits expense		
Salaries and wages	26,972	25,671
Fringe Benefits Tax	58	53
Staff amenities	83	30
	27,113	25,754
(d) Depreciation and Amortisation		
Depreciation of non-current assets	1,040	1,078
Amortisation of intangible assets	420	293
	1,460	1,371
(e) Finance costs		
Interest expenses	62	68

5. Dividends paid and proposed

Details of dividends declared or paid during or subsequent to the period ended 31 December 2017 are as follows:

(a) Dividends declared and paid during the period:

Fully franked final dividend for the financial year ended 30 June 2017 of 13.5 cents (2016: 13.5 cents) per ordinary share paid on 15 September 2017 (2016: 16 September 2016)

(b) Dividends declared but not recognised as a liability:

Fully franked interim dividend for the half-year ended 31 December 2017 of 10.0 cents (2016: 9.5 cents) per ordinary share proposed to be paid on 16 March 2018 (2016: 17 March 2017)

Fully franked special dividend of 25.0 cents per ordinary share proposed to be paid on 16 March 2018.

31 December 2017	31 December 2016
\$'000	\$'000
5,291	5,291
3,919	3,723
9,798	-
19,008	9,014

6. Contingent liabilities and contingent assets

There are no contingent assets or liabilities of which the directors of the company are aware at the date of this report.

7. Contributed equity

39,190,001 Fully paid ordinary shares

31 December 2017	30 June 2017
\$'000	\$'000
38,355	38,355

Movement in ordinary shares on issue:

At 1 July 2017

At 31 December 2017

Number '000	Number '000
39,190	39,190
39,190	39,190

8. Net tangible asset backing

Net tangible asset backing per ordinary share

31 December 2017	31 December 2016
cents	cents
47.10	43.62

9. Subsequent events

Subsequent to the end of the reporting period, the directors of Wellcom Group Limited declared an interim dividend of 10.0 cents per ordinary share. The total amount of the interim dividend is \$3,919k. The dividend will be 100% franked. The record date for determining entitlements to the dividend is 2 March 2018. The payment date of the dividend will be 16 March 2018.

In addition to the interim dividend, the Directors have declared a fully-franked special dividend of 25.0 cents per share. The record date for determining entitlements to the special dividend is 2 March 2018, and payment will occur on 16 March 2018.

Except for the declaration of the interim and special dividend mentioned above, as of the date of this report there have been no events subsequent to the half-year reporting period that, in the opinion of the directors, would affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

10. Audit status

This report is based on accounts which have been subject to review in accordance with ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* . A copy of the review report is enclosed.

11. Controlled entities

Set out below are the Group's subsidiaries at 31 December 2017. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation is also its principle place of business.

Name of subsidiary	Principal place of business	Ownership interest held by the Group	
		2017	2016
Wellcom Moving Images Pty Ltd	Australia	100%	100%
iPrint Corporate Pty Ltd	Australia	100%	100%
Wellcom London Ltd	United Kingdom	100%	100%
Wellcom Group Pte Ltd	Singapore	100%	100%
Wellmalaysia Sdn Bhd	Malaysia	100%	100%
Wellcom Group Inc	United States of America	100%	100%
theLab LLC	United States of America	100%	100%
Dippin' Sauce LLC	United States of America	100%	100%
Wellcom Group Ltd	Hong Kong	100%	100%