2012

LONDON KUALA LUMPUR SINGAPORE ADELAIDE MELBOURNE SYDNEY AUCKLAND

MISSION STATEMENT

“SET THE STANDARDS OF EXCELLENCE.

NO COMPROMISES.

SENSE OF URGENCY.

ATTENTION TO DETAIL.

TAKE THE TIME, DRIVE HARD, GET THE FACTS.

HAVE SOME FUN.”

WELLCOM GROUP LIMITED

CONTENTS

A.C.N. 114 312 542

2012

I FIRMLY BELIEVE THAT WE HAVE EMPLOYED THE BEST MANAGERS IN OUR INDUSTRY OVER THE PAST YEARS.

IN EVERY CASE THEY HAVE GROWN IN STATURE AND THEIR MANAGEMENT ACUMEN HAS GROWN WITH THEM.

WAYNE SIDWELL EXECUTIVE CHAIRMAN

WE NOW **OPERATE OVER THREE CONTINENTS** AND SPAN A **TWENTY-FOUR HOUR A DAY** PRODUCTION SERVICE

CHAIRMAN'S REPORT

Dear Fellow Shareholder

2012 has been a milestone year in the Wellcom Group Limited story. Our global presence has matured in terms of foundation building, and expanded in terms of revenue and production capacity. We now operate over three continents and span a twenty-four hour a day production service. I had previously described this as the joining of the dots strategy and the production and communication lines are testament to this success. This includes our new 'Centre of Excellence' production facility in Kuala Lumpur and our 'big pipeline' communications links between every global Wellcom office.

The Asian operations have become core to our global business and represent the biggest growth corridor within the next five years.

Our intention is to keep as much as 'manufacturing' production artwork and associated jobs as possible within our local businesses. But we have taken the pragmatic view that costs must be reduced to be competitive in a global market, so we have built a dedicated production facility in KL to handle this type of work. To maintain standards of excellence we have up-skilled our KL resources and deployed our dedicated software to co-ordinate all production.

What is especially gratifying to me is that a new level of management has been created within the global network to manage such tasking and be responsible for quality assurance.

It means that not only can work be produced more cost effectively out of this facility, but work can also be moved across the Wellcom production grid into different time zones to offer smarter and faster solutions for our clients.

In terms of foundation building we have reached new milestones in the Wellcom journey that fundamentally pave the way forward for many years to come. These include succession strategies at both senior management as well as middle management levels. It also includes the success of our design and digital services in providing creative and design solutions for our clients.

Our business is highly specialised and recruiting personnel at management level is challenging. I firmly believe that we have employed the best managers in our industry over the past years. In every case they have grown in stature and their management acumen has grown with them, as their records have demonstrated. This now forms part of a succession management plan.

At middle level management we are internally identifying and promoting the best from within our vast pool of talent across the globe. This remains our assurance for future proofing the business.

This has all been part of our carefully considered, three year business plan, including the acquisitions of Mission Possible in London and our latest purchase of Dreamwalk Pty Ltd, specialising in App and digital development and deployment. Dreamwalk complements our online design services arm.

Acquisitions remain a key focus. Our cash position remains very strong and we carry no debt, therefore we are well placed to move on any of the prospective acquisitions currently under review across the globe.

New business gains have been strong, and we are attracting more blue chip clients, with an emphasis on design, digital and software deployment solutions.

Our proprietary software Knowledgwell has been upgraded further across all modules. Such is the importance of this part of the Wellcom Group that for the first time it sits within its own business management and structure. The emphasis is to make our software even more applicable for marketers who want a total solutions Marketing Resource Management tool or MRM.

We have also added a new software module for enterprise level print administration for the new Print and Digital Management Division (formerly iPrint). As well, we have created a whole new software called Canopy for businesses that want to link their digital product libraries directly to their marketing channels 'on-the-fly', whether they be social media, online eCommerce websites, iPhone and iPad distribution, email campaigns, print catalogues or local area marketing campaigns. This software is unique.

The backbone of our business remains the Total Facilities Management hubs (TFMs). They singularly represent 71% of global revenue, up 4% from FY2011. This service offering is the greatest upsell and entrée for other Wellcom products and services into the hub core client base.

I am proud to announce that our Environmental Policy and Committees have been established to manage the process of energy reduction and reporting. We are committed to remaining a good corporate citizen. Furthermore, our affirmative action campaign continues to align equal employment opportunities.

Our results have been to forecast with net revenues up 5.9% to $55.76 million dollars (excluding print management pass through costs). Earnings before interest and tax up 11.2% to $13.18 million dollars. Our NPAT from continuing operations is up 4.8% or $9.59 million dollars. I am very pleased with our positive cash and financial position, with cash at hand approximately $15.5 million dollars at June 2012. We will be offering a fully franked dividend of 18 cents per share, up 9% on 2011.

In 2012 pricing pressures were absorbed. Our KL 'Centre of Excellence' will assist cost pressures and offer margin assistance. For 2013 all markets remain volatile with the possible exception of Asia. We have set the businesses up to manage offshore production at lower cost, with superior process management and total quality assurance. I believe we are well prepared for any unfavourable economic outcomes that may emerge globally.

I am confident that the decisions we have made will generate a solid result for the Group in 2013.

On behalf of all shareholders I would like to thank Wellcom's loyal clients and our dedicated staff for their ongoing support and special thanks to our management team. This year we have seen a very pleasing result and we have delivered to our plan.

Yours faithfully,

Wayne Sidwell
EXECUTIVE CHAIRMAN

YOUR BOARD IS PLEASED WITH THE FISCALLY RESPONSIBLE CASH POSITION & ACQUISITIONS POLICY THAT HAS SEEN SOLID RETURNS FROM MISSION POSSIBLE, AS WELL AS THE APPROVAL FOR THE ASIAN 'CENTRE OF EXCELLENCE' PRODUCTION HUB IN MALAYSIA.

KERRY SMITH NON-EXECUTIVE DIRECTOR

WE NOW **OPERATE OVER THREE CONTINENTS** AND SPAN A **TWENTY-FOUR HOUR A DAY** PRODUCTION SERVICE

WAYNE SIDWELL EXECUTIVE CHAIRMAN

CHARLES ANZARUT NON-EXECUTIVE DIRECTOR

HIGHLIGHTS

EARNINGS BEFORE INTEREST AND TAX INCREASED TO $13.18 MILLION, UP 11% YEAR ON YEAR.

HIGHLIGHTS FOR 2011 - 2012
STATUTORY REVENUES FROM CONTINUING OPERATIONS INCREASED TO $88.64 MILLION, UP 55% YEAR ON YEAR.
NET REVENUES (EXCLUDING PRINT MANAGEMENT COSTS) INCREASED TO $55.76 MILLION, UP 6% YEAR ON YEAR.
FULL SERVICE TFM (HUBS PRODUCTS AND SERVICES) GREW TO 71% FOR THE GROUP (UP FROM 67% IN FY11).
FURTHER GROWTH IN DESIGN AND DIGITAL SERVICES AND IN CORPORATE AND RETAIL SECTOR CLIENT BASE.
EARNINGS BEFORE INTEREST AND TAX INCREASED TO $13.18 MILLION, UP 11% YEAR ON YEAR.
IMPROVEMENT IN OPERATING MARGINS WITHIN ALL JURISDICTIONS (GROUP MARGINS OF 27% VERSUS 24% IN FY11).
NET PROFIT AFTER TAX FROM CONTINUING OPERATIONS INCREASED TO $9.59 MILLION, UP 5% YEAR ON YEAR.
NO NET DEBT, CASH FLOWS FROM OPERATING ACTIVITIES OF $6.08 MILLION AND CASH ON HAND OF $15.51 MILLION.
NET TANGIBLE ASSETS PER SHARE OF 54.23 CENTS, UP 12% YEAR ON YEAR.
FULLY FRANKED FULL YEAR DIVIDEND INCREASED BY 9% TO 18 CENTS.
SUCCESSFUL INTEGRATION OF iPRINT (AUSTRALIA) AND MISSION POSSIBLE (UK) ACQUIRED BUSINESSES.
ACQUISITION OF APPLICATIONS DEVELOPER - DREAMWALK PTY LTD (1 JULY 2012).
ASIAN BASES SOLID WITH NEW INTERNAL APPOINTMENT TO OVERSEE AND CO-ORDINATE ASIAN OPERATIONS.
NEW CENTRE OF EXCELLENCE PRODUCTION FACILITY ESTABLISHED IN KUALA LUMPUR FOR GLOBAL NETWORK PRODUCTION INPUT.
PRINT SERVICES PROVIDED WITH CAPITAL UPGRADE AND NEW CUSTOM-BUILT FACILITY.
INCREASED INVESTMENT IN SOFTWARE DEVELOPMENT, INCLUDING KNOWLEDGEWELL UPGRADES AND THE INTRODUCTION OF CANOPY.
ENVIRONMENTAL PLAN FULLY IMPLEMENTED.
STRONG SUCCESSION PLANING THROUGH INTERNAL APPOINTMENTS.

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RESULTS - GROUP

FROM CONTINUING OPERATIONS	2012 $M	2011 $M	CHANGE %
STATUTORY REVENUE	88.64	57.25	55%
NET REVENUE*	55.76	52.67	6%
EBITDA	15.16	13.82	10%
UNDERLYING EBITDA MARGIN	27.2%	26.2%	4%
DEPRECIATION/AMORTISATION	1.98	1.97	1%
EBIT	13.18	11.85	11%
EBIT MARGIN	23.6%	22.5%	5%
NET INTEREST INCOME	0.65	0.28	132%
NET PROFIT BEFORE TAX	13.83	12.13	14%
TAXATION	4.24	2.98	42%
NET PROFIT AFTER TAX	9.59	9.15	5%
PROFIT FROM DISCONTINUED OPERATIONS AFTER TAX	–	0.47	-100%
STATUTORY PROFIT AFTER TAX	9.59	9.62	–

EARNINGS	2012	2011	CHANGE %
EARNINGS PER SHARE (EPS) FROM CONTINUING OPERATIONS	24.46	23.34	5%
EARNINGS PER SHARE (EPS) FROM DISCONTINUED OPERATIONS	–	1.22	-100%
EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	24.46	24.56	–
DIVIDEND PER SHARE	18.0	16.5	9%
FRANKING %	100.0	100.0	

All figures in this Annual Report are in Australian Dollars unless otherwise nominated.

REVENUE GROWTH THROUGH INCREASED VOLUMES FROM ESTABLISHED CLIENTS.

RESULTS - SEGMENTS

AUSTRALASIA	2012 $M	2011 $M	CHANGE %
NET SEGMENT REVENUE *	45.95	46.08	–
SEGMENT RESULT **	13.25	12.07	10%
MARGIN %	28.8%	26.2%	10%
JV (iPRINT)	–	0.97	-100%
RESULTS FROM OPERATING ACTIVITIES	13.25	13.04	2%
MARGIN %	28.8%	28.3%	2%
STAFFING	269	281	-4%

PRE MEDIA AUSTRALASIA

- Maintained revenues despite pricing challenges.
- iPrint integrated.
- Print management fees now brought to account in revenues.
- Fixed cost base excluding acquisitions down 3%.
- Increased investment in software development.

UNITED KINGDOM	2012 $M	2011 $M	CHANGE %
NET SEGMENT REVENUE *	9.81	6.59	49%
SEGMENT RESULT **	1.83	0.73	151%
MARGIN %	18.7%	11.1%	68%
STAFFING	59	45	31%

PRE MEDIA UNITED KINGDOM

- Revenue growth through increased volumes from established clients.
- Integrated Mission Possible.
- Active marketing of Knowledgewell.
- Fixed cost base excluding acquisitions down 3%.

* Excludes print management pass through costs ** Excludes restructure costs. All figures in Australian Dollars

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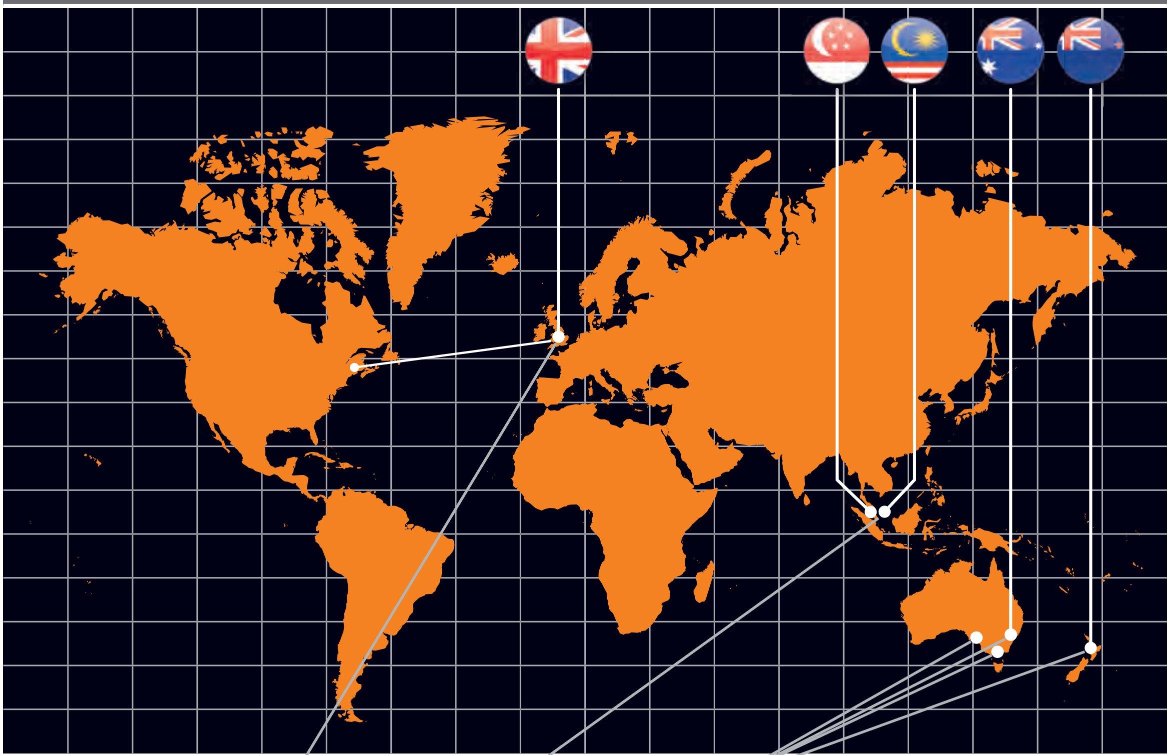
WELLCOM WORLDWIDE

WELLCOM GLOBAL REACH



The chart shows the Wellcom Group Limited client base in each region. Wellcom London services clients out of the US as a central hub for European distribution. We believe this will offer further opportunities for the U.K business.

All of the Wellcom business units are now linked by high bandwidth communications solutions.

The Kuala Lumpur 'Centre of Excellence' sits at the epicentre of the Wellcom grid, ready to take on artwork requirements for the global client base in October 2012.

CLIENTS

- Selfridges e-Commerce
- HSBC Bank
- Independent Print Ltd
- DKNY (U.S client)
- Donna Karan Inc (U.S client)
- Laird & Partners (U.S client)
- Harlequin UK Ltd
- GAP
- Phase Eight
- National Savings & Investments
- De Beers Jewellers
- Independent Print Ltd
- Marks and Spencer
- Selfridges Retail Ltd
- Daks Simpson Ltd
- VCCP Blue
- Links of London
- CUBO
- Net-A-Porter
- Bogle Bartle Hegarty Advertising London (BBH)

- Courts Megastores Singapore
- Courts Megastores Kuala Lumpur
- Bogle Bartle Hegarty Advertising Singapore (BBH)

- Woolworths
- Australia Post
- ANZ Bank
- Westpac
- Citibank
- Bank of Melbourne
- American Express
- BT Financial Services
- St.George Bank
- Bank of South Australia
- BP Australia
- Pacific Brands
- API Priceline
- Repco Australia
- BWS
- Crown Entertainment
- Bevilles
- L'Oréal
- Harris Scarfe
- Samuelson Talbot & Partners
- M&C Saatchi
- David Jones
- DSE (Dick Smith Electronics)
- Ford Australia
- It's The Thought That Counts
- Toys 'R' Us
- Burnett

- Optus
- Liquor Marketing Group
- Sigma Pharmaceuticals
- Dan Murphys
- Kathmandu
- Masters Home Improvement (Woolworths)
- AMP (NZ)
- Dick Smith (NZ)
- Repco (NZ)
- Snooze
- Jetstar
- NAB
- Tattersalls Group
- CommInsure
- Melbourne University

REVIEW OF OPERATIONS

WELLCOM HAS CREATED A NEW SOFTWARE PRODUCT CALLED CANOPY. IT GOES WELL BEYOND A DIGITAL PRODUCT LIBRARY, AS IT ACTUALLY CONTROLS ASSET MANAGEMENT AND ASSET DISTRIBUTION, TO ALL FORMS OF MEDIA AND SOCIAL MEDIA, WITHOUT MANUAL INTERVENTION.

> "Having completed the business restructures in 2011, it became an imperative in 2012 to begin operational restructures to oversee and manage these business changes. Successfully re-setting the business management team was crucial, as was the creation for a clear and succinct management succession plan."
>
> **WAYNE SIDWELL**
> EXECUTIVE CHAIRMAN

2011-12 saw the successful completion of high bandwidth communication links between Wellcom worldwide businesses. This means that the global Wellcom Group span stretches across three continents with a twenty-four hour production window.

Creative Services increased its presence within the Group with the engagement of a new creative director and was instrumental in winning several new blue chip accounts including Commonwealth Bank of Australia and Tattersalls Group.

The integrated creative offer includes design, copywriting, online design, programming, Apps development, packaging design and retail design. This division has grown considerably.

The digital photography divisions in Melbourne, Sydney and London increased their quality high-end portfolio of work. Melbourne brought online its new daylight studio built into the Port Melbourne facility and this was joined by six state-of-the-art, custom built, photographic studios at Fishermen's Bend.

The iPrint Division has now become Wellcom Print and Digital Management Services through a buy-back arrangement with Australia Post. This division has launched with an entirely new print management software that offers best practice interface with both its supplier and client base.

The acquisition of Mission Possible has proven to be a very sound investment and gives our Group increased profile and exposure in both London and Singapore through the many awards they have won.

Asia has proven it's the place to be. The Malaysian 'Centre of Excellence' production facility has been launched and will be fully operational in October 2012. This now offers highly competitive pricing for all of the Group's basic artwork and creative retouching requirements, with fast turnaround and quality assurance. This further ensures sustainability in this high volume, low cost product mix.

Financially, the Wellcom Group maintained its strong cash and financial position from the previous year. The business still holds no debt and takes this position into the 2012-13 financial year. EBIT has increased around 11% from FY11.

TOTAL FACILITIES MANAGEMENT (HUBs)

Hubs are Wellcom in-house studio facilities that reside within our clients' businesses. Hubs offer a mix of products and services dependent on the hub type and the work required by our clients. This year hub business increased to 71% of global revenues.

Wellcom hubs are a very important service offering and have increased revenue contribution year on year. At the same time they are also Wellcom's biggest upsell derivative and introduce our clients to other Wellcom services such as design and web services, digital print, print management, pre media and digital photography. Convenience and efficiency is how hub clients describe the service.

KNOWLEDGEWELL PROPRIETARY SOFTWARE

Never before has the Knowledgewell suite of software modules become so significant.

There are several reasons for this and they are based on the fact that some clients are buying Knowledgewell licences to

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REVIEW OF OPERATIONS

> "To facilitate a more competitive pricing model for our clients globally, Wellcom has set up a 'Centre of Excellence' in Malaysia to produce high volume artwork and creative retouching. This offers sustainable margins for the Group, while offering our clients a more competitive price, and quality assured product. This custom-built resource facility opens in October 2012."
>
> **WAYNE SIDWELL**
> EXECUTIVE CHAIRMAN

run specific business requirements (clients such as NAB, Crown Entertainment and Jetstar). Then there are other clients whose marketing teams want the benefits of Knowledgewell's Marketing Resource Management tool to handle asset and channel advertising directly to any media including iPhone, iPad and all other online media.

The Knowledgewell modules are regularly updated and consist of Storewell, which is the asset management software; Buildwell, which offers the ability for clients to build their own artwork; Planwell, which offers clients the ability to online plan and approve copy and artwork, and One Market which offers a complete print management online solution.

In 2012, Wellcom created a new software product called Canopy for deployment in 2012-13.

This is a totally new software designed for retailers, distributors and manufacturers alike. It goes well beyond a digital product library, as it actually controls asset management and asset distribution to all forms of media and social media, without manual intervention.

WELLCOM AUSTRALASIA

This incorporates the Wellcom offices of Melbourne, Sydney, Adelaide, Singapore, Kuala Lumpur and Auckland.

Solid new business gains were seen in the Australian marketplace with the additions of the Commonwealth Bank of Australia, Tattersalls Group, Bank of Melbourne, National Australia Bank, Jetstar, Kathmandu and Fantastic Furniture.

Wellcom Asia is expanding its presence with the deployment of Knowledgewell and the 'Centre of Excellence' production hub in Kuala Lumpur. This should ensure a bright 2012-13.

WELLCOM UK

We are beginning to see a new concentration of brand relationships in London with local clients fulfilling into Asia and Europe.

This is a very welcome trend that places our London operations at the epicentre of production for many of its elite brands.

The London operation has now re-structured both the business and the management to better meet the sales expectations for Knowledgewell software and hub deployment sales into the UK and European markets.

Wellcom London has already established itself as a premium digital photographic business, servicing the online demands of some of the best brands in the world.

As a result of all of this Wellcom London is looking to cement solid new business for 2012-13.

ACQUISITIONS

The acquisition of Dreamwalk Pty Ltd has added a new dimension to the digital aspirations of the Group. This business is a boutique Apps development company that complements our current online and design services offering perfectly.

As most of our clients (especially hubs clients) are looking for Apps development work, it places us perfectly to build and further cross-sell from such a service.

ENVIRONMENT

Through our technology deployment we can now offer a virtual paperless office to our clients and with our Environmental Policy and Environmental Committees established, we are reducing and monitoring our energy consumption.

PLANNING FOR 2012 -13

GREATER EMPHASIS WILL BE PLACED ON THE ASIAN MARKETPLACE WITH SENIOR MANAGEMENT APPOINTMENTS IN PLACE TO OVERSEE GROWTH AND GLOBAL FULFILLMENT.

"One integrated business solution, from London, to Singapore, to Australia, to Auckland, via a high bandwidth communications channel – serviced by a 24 hour production window producing client work faster and more competitively. This represents the Wellcom strategy – a strategy that's now available across the globe. That's why we're always first with the best."

WAYNE SIDWELL
EXECUTIVE CHAIRMAN

KEY STRATEGIES FOR 2012-13

- The Kuala Lumpur based 'Centre of Excellence' will be the primary focus of the majority of basic artwork and creative retouching. This will provide clients with more competitive costing while maintaining margin.
- Equipment, Knowledgewell software, staffing and upskilling are complete for an October 2012 launch date.
- Greater emphasis will be placed on the Asian marketplace with senior management appointments in place to oversee growth and global fulfillment.
- Utilise 24 hour production window over three continents to spread work for fast turnaround through the new high bandwith communications links between Wellcom businesses. This will eliminate production peaks and troughs.
- Very strong sales and marketing push for the Knowledgewell suite of updated technology modules, as well as the new Canopy software. All of the technologies represent world leading digital solutions for retailers, manufacturers, corporations and advertising agencies.
- The technologies offer retailers break-through alternatives to shopfront marketing and marketing material distribution. This includes a total marketing resource management (MRM) solution.
- Very strong sales initiatives for 'whole of digital solutions' requirements based on the acquisition of Dreamwalk, in concert with the existing digital design division.
- These will be further promoted to existing hub clients, offering potential for strong organic growth in all regions.

  Build relationships with US, UK and Asian companies for global production solutions.
- Highly developed business credentials for new business conversion based on strong client and brand global presence, proprietary software, integrated digital solutions and supported by over a hundred products and services.
- Combined Wellcom sales pitches in conjunction with Wellcom Print and Digital Management Services.
- Further digital photography work to feed into greater photography capacity in Melbourne, Sydney and London.
- Continue strong but careful acquisition policy.

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NEW BUSINESS

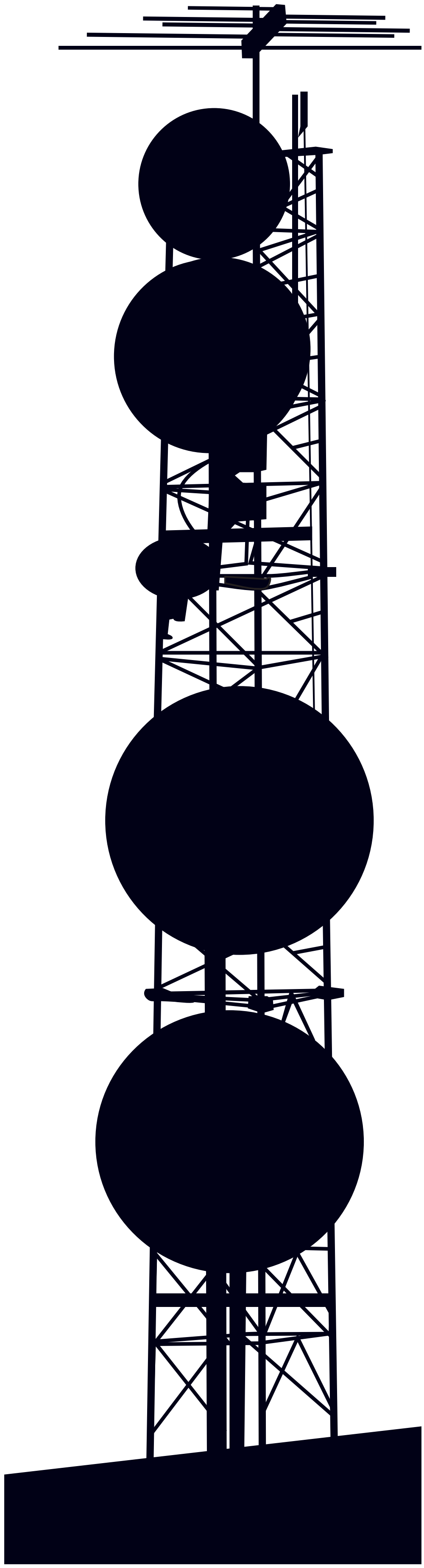
"New business has seen growth through our traditional services, as well as our new omni-channel marketing offering. Our core offering is new business initiatives. We are currently conducting significant, positive dialogue, with prospective clients globally.

Wellcom regularly introduces new service integration solutions for clients seeking more holistic services, and more importantly, from a single supplier.

The new business range of Wellcom services demonstrates that clients are looking for different requirements from within the Group.

This is typified by NAB and Jetstar, that both require Knowledgewell software solutions to handle their complex digital asset management requirements, both locally and globally."

WAYNE SIDWELL
EXECUTIVE CHAIRMAN



WE HAVE PREPARED THE BUSINESS FOR GLOBAL SOFTENING WITH STRATEGIES THAT HAVE BOOSTED OUR COMPETITIVENESS CONSIDERABLY.

OUTLOOK FOR 2013

"Globally very little has changed from last year. The US economy remains flat in spite of the forthcoming elections. Europe still shows no signs of recovery and the UK is still in recessionary mode. The Australian economy is slowing further and China's economy is beginning to soften slightly. In light of this we have prepared the business for global softening with strategies that have boosted our competitiveness considerably."

WAYNE SIDWELL
EXECUTIVE CHAIRMAN

WELLCOM GLOBAL

Both the Board and the Senior Management Team have spent the last three years developing strategies to shore up the business and make it as resilient as possible to economic softening.

These strategies included monitoring all costs across the Group, strict controls on staffing levels, effective change management reviews, more streamlined process management, fiscal control culminating in no debt and a very strong cash position, very considered acquisitions, and now the creation of a 'Centre of Excellence' production facility in Malaysia

This production model has been conceived to manage and produce the Group's high volume low end artwork and creative retouching.

WELLCOM MALAYSIA 'CENTRE OF EXCELLENCE'

The production of high volume lartwork and creative retouching, is a primary Wellcom Group global offering. This type of work can be likened to manufacturing. As with all forms of manufacturing enormous pressure is placed on cost and competitiveness, and this can be seen in the UK, Australia and New Zealand.

The Wellcom Group had two options – reduce selling price and in turn drop margin, or plan a totally new strategy that would be competitive, offer our clients better pricing, and still maintain margin.

The planning for the competitive solution began last year with the Board's approval. The options were to outsource this work through third party Asian connections, or create an exclusive Wellcom Group owned business.

The latter option was the obvious choice and Wellcom Malaysia was given the funding to create a 'Centre of Excellence' business and production hub to service the whole Group.

Planning has been integral to guarantee the success of this enterprise. Strict quality guidelines have been put in place. This includes upskilling of local Malaysian staff by Wellcom (Australia) trainers, the installation of the latest hardware and software, Knowledgewell software backend and asset management, high bandwith communications links to all Wellcom Group offices, quality assurance officers at each Wellcom business to correctly brief, project manage and quality assure work prior to client release. The final part of the 'Centre of Excellence' was an in situ management team dedicated to oversee the business. The benefits for clients are obvious and include

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OUTLOOK FOR 2013

competitive pricing and a quality assured product all within the single Wellcom Group process.

This means that all finishing and updates can be performed within the individual Wellcom offices.

For Wellcom, this means sustainability of this type of work. This also leads to ongoing upsell of other Wellcom Group services.

The outlook for competitive and sustainable high volume production work looks very good for 2012-13.

WELLCOM LONDON

The U.K business has gained considerable experience in producing adaptation artwork, high end pre-media, creative retouching and project management skills.

This includes planning, preparation, and distribution of print and online campaigns for clients such as Belstaff, GAP INC and Banana Republic. Wellcom London enjoys a list of international fashion brand clients that demand nothing but the highest retouching.

It has also seen the London facility being used as a central project management and digital distribution point for US based clients wanting work built out of the UK, then distributed into Europe or Asia.

Mission Possible has also boosted the company profile with award winning work produced for BBH London, and the online and digital photography work for Selfridges and Net A Porter has made the London office specialists in this field.

The business turnaround under the new management has been excellent and the new business development team is in discussions with potential new clients including some US advertising agencies. The London operation in spite of a flattened market is expected to have a solid 2012-13.

WELLCOM AUSTRALASIA

Buoyed by the fact that retailers continue to invest in catalogue production, Wellcom Australasia also offers online catalogue management and product library and asset distribution. This complements any retailer's print media by extending a single marketing message to many outputs 'on-the-fly'.

The current Wellcom client list sits at the epicentre of products and services that even when the market is low, require strong media spend. This includes general retail, food, pharmaceutical, finance, and hardware (DYI).

Solid new business growth has also been achieved with the addition of the National Australia Bank and Jetsar, each with a total Knowledgwell deployment.

As well, the Bank of Melbourne, the Tattersalls Group, the Commonwealth Bank of Australia, Kathmandu and Fantastic Furniture have also been added to client list and discussions are in progress with potential new clients.

SOFTWARE SOLUTIONS – KNOWLEDGEWELL AND CANOPY

Knowledgwell software modules have been further updated with the provision for licensing of individual modules. This makes it easier for users to select modules that suit their immediate requirements, and then offer the ability to upgrade to other complementary Knowledgwell software modules at a later time.
On top of this an entirely new software called Canopy has just been released for 2012-13 and this will revolutionise the gap between asset management and asset distribution through the clever use of a single distribution tool for asset and campaign delivery to any media – print, online, social media – via computer, iPhone or iPad.

TOTAL FACILITIES MANAGEMENT (TFM) - HUBS

Supported by the continued growth of hubs business this now represents 71% of global revenues. Hubs have now been deployed in the UK and Asia and offer with further potential in all Wellcom Group market sectors. The potential for upsell and cross-sell within the hubs network cannot be under estimated and will remain a key organic growth corridor.

SUMMARY

Wellcom Asia has begun to mature, and with the deployment of a dedicated Managing Director in the region, Asia offers untapped potential. This includes the award winning BBH hub in Singapore, and the newly created 'Centre of Excellence' in Malaysia. We believe the 'Centre of Excellence' will add growth in the high volume artwork area and maintain sustainable margins into the future.

Other Knowledgewell and Canopy software will gain sales momentum based on marketing campaigns, the latest release software modules, and on the back of the NAB and Jetstar taking out licenses.

Global brands are beginning to identify the Wellcom solution as an entrée into Asia and Europe through the Group's global exposure.

Through the purchase of Dreamwalk the online and Apps integration offering has been solidified and all existing clients can be targeted as potential user clients.

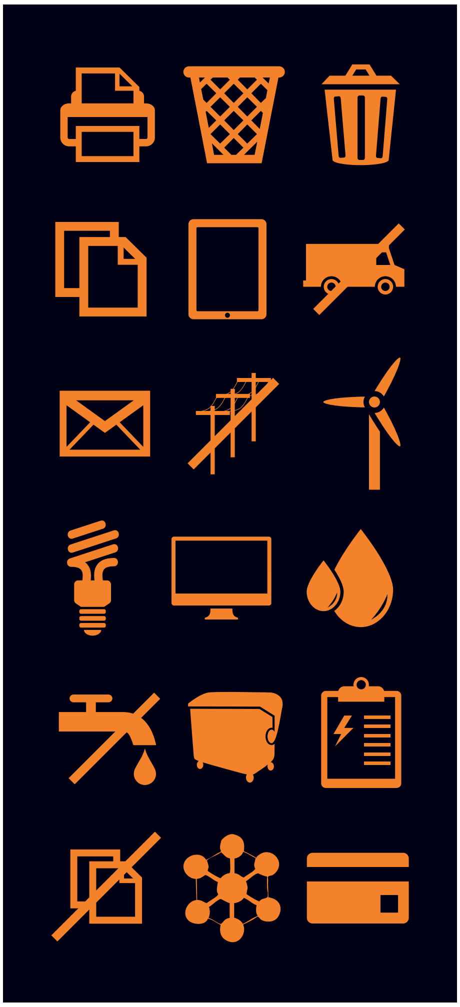
We believe new business opportunities are developing in all regions for 2012-13.

ENVIRONMENT

A COMPLETE ENVIRONMENTAL GUIDE (PICTURED BELOW) HAS BEEN WRITTEN FOR ALL WELLCOM STAFF. IT SERVES AS PART OF NEW STAFF INDUCTION AND FORMS PART OF THE GROUP'S OPERATIONAL MANUAL. IT ALSO SITS ON THE COMPANY'S INTRANET.

"We believe as an organisation that the effects of climate change will create potential social and economic consequences in the future. We consider that wherever we can minimise our carbon footprint, such implementation, once identified, will be addressed. This is whole of Group policy as well as future acquisitions, and includes accreditation of our supply chain."

WAYNE SIDWELL
EXECUTIVE CHAIRMAN



In late 2011 Wellcom established an Environmental Committee to undertake a total review of the Group's operations in terms of its carbon footprint and energy consumption. Headed by the Chief Executive Officer Australasia, it includes a Secretary and Environmental Manager in Sydney and an equivalent representative in Melbourne.

The role of this committee is to continually investigate and implement methods to reduce The Wellcom Group's environmental impact. In addition to the full members of the committee, there are a number of associate members based in each of the states and international locations.

The Environmental Committee has developed the Wellcom Environmental Management System (WEMS) as Group policy. It has been published to staff and is part of the induction process for new staff. It is available on the Wellcom Intranet.

The WEMS has been written as a guide to aid staff in understanding our obligations with regard to environmental protection and prevention of pollution, in balance with socio-economic needs.

The Wellcom Group also has an Environmental Policy that is available for viewing on the company's website.

Since the introduction of WEMS, we have committed to the introduction of a range of initiatives that have each delivered reductions in the environmental impact of The Wellcom Group. An annual report is presented to the Board.

WHERE WE FIT

AGENCY

Strategy • Creative • Brand Development

WELLCOM

Design • Artwork • Pre media • Photography • Packaging • TV • Online • Digital Distribution • Apps • Print Mgt

The Wellcom offering is an end-to-end solution starting with content creation, content management and content distribution.

CONTENT CREATION

- DESIGN
- MOVING IMAGES
- COPYWRITING
- ONLINE DESIGN
- DIGITAL PHOTOGRAPHY
- CREATIVE RETOUCHING
- CREATIVE 3D ILLUSTRATION
- APPS DEVELOPMENT

CONTENT MANAGEMENT

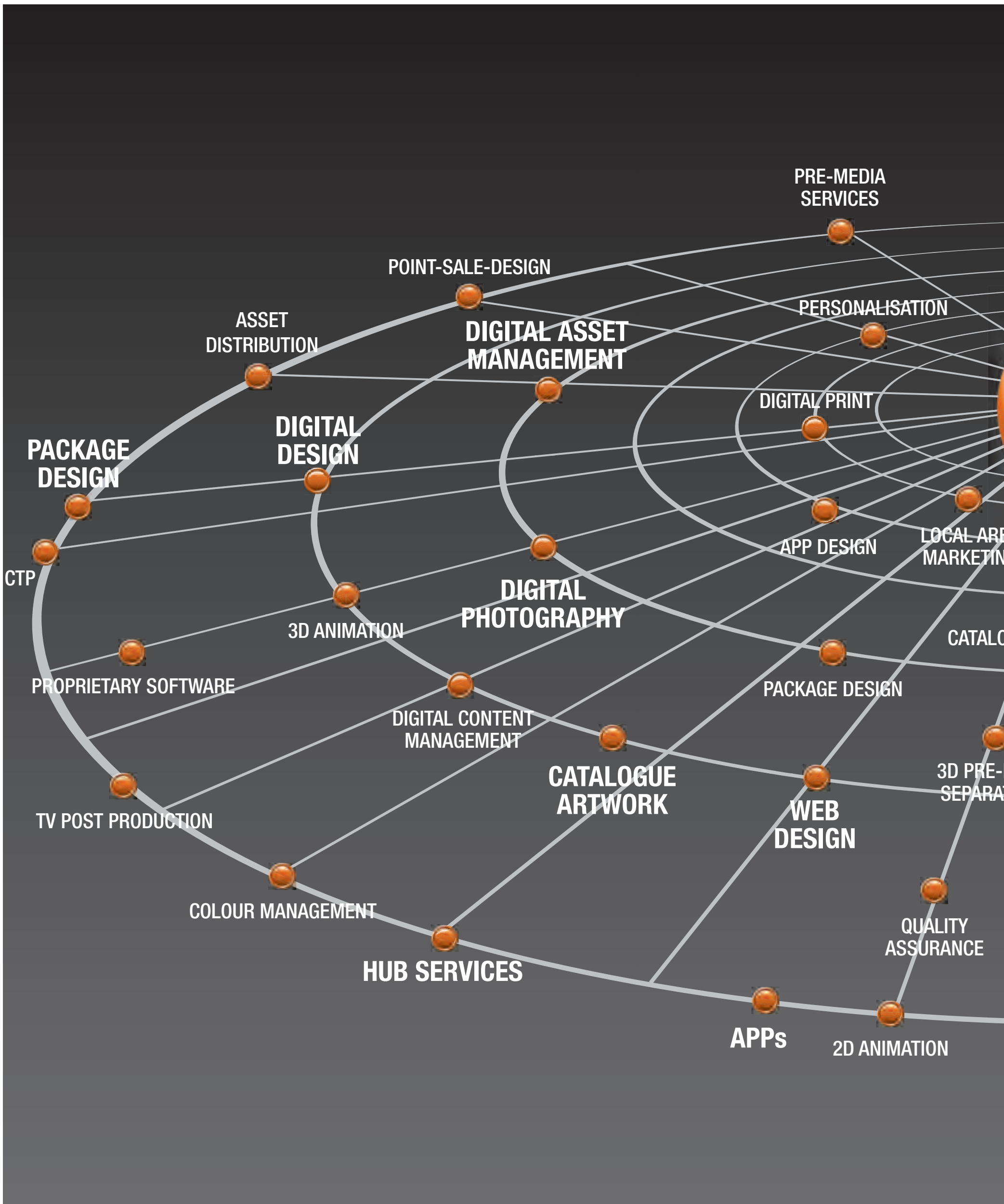
- MRM (MARKETING RESOURCE MANAGEMENT) SOFTWARE
- ASSET STORAGE SOFTWARE
- ASSET DISTRIBUTION CHANNELS SOFTWARE
- ASSET RE-PURPOSING SOFTWARE
- MARKETING & CAMPAIGN MGT SOFTWARE
- ONLINE APPROVALS SOFTWARE

MEDIA CHANNEL DISTRIBUTION

- iPAD
- SOCIAL MEDIA
- EMAIL
- WEB
- iPHONE
- PRINT MEDIA
- PRINT PUBLISHING
- ONLINE PRODUCT CATALOGUE
- THIRD PARTY INTRANETS
- DIGITAL PRINT

PRODUCTS & SERVICES

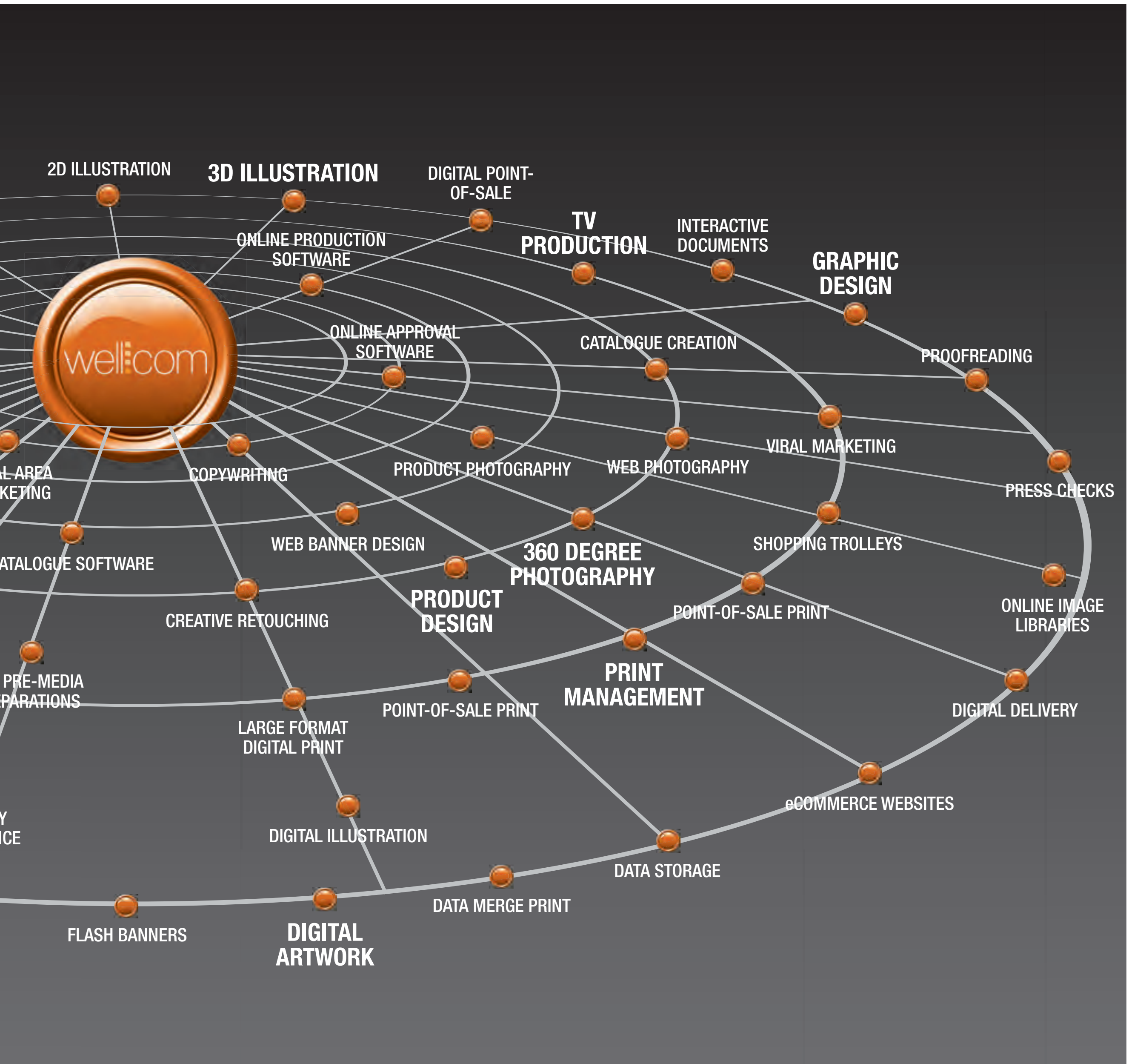
FROM CONTENT CREATION TO PRODUCTION AND ASSET STORAGE, WELLCOM HAS SOFTWARE SOLUTIONS THAT CAN MANAGE AND RE-PURPOSE CONTENT ON-THE-FLY, THEN DISRIBUTE IT TO ANY MEDIA.



WELLCOM CREATES:

- CONTENT FOR CLIENTS.
- RE-PURPOSES CLIENT CONTENT.
- STORES & DISTRIBUTES CLIENT CONTENT.

WE NOW **OPERATE OVER THREE CONTINENTS** AND SPAN A **TWENTY-FOUR HOUR A DAY** PRODUCTION SERVICE



WELLCOM SOFTWARE ENABLES CLIENTS TO:

- STORE THEIR CONTENT.
- MANAGE THEIR CONTENT.
- DISTRIBUTE THEIR CONTENT TO iPAD, iPHONE & PC.

SENIOR MANAGMENT TEAM

1 **STEVE REES**
CHIEF EXECUTIVE OFFICER
WELLCOM AUSTRALASIA

2 **MICHAEL BETTRIDGE**
MANAGING DIRECTOR
WELLCOM ASIA

3 **CHRIS GRAWE**
MANAGING DIRECTOR
WELLCOM LONDON

4 **MELINDA PHILLIPS**
GENERAL MANAGER
WELLCOM PRINT AND
DIGITAL MANAGEMENT
SERVICES

5 **JULIAN GRAHAM**
COMPANY SECRETARY
AND CHIEF FINANCIAL
OFFICER
HEAD OF OPERATIONS
WELLCOM TECHNOLOGIES

6 **CRAIG BEVAN**
CHIEF OPERATING OFFICER
GENERAL MANAGER
WELLCOM NSW

7 **ANDREW SIDWELL**
GENERAL MANAGER
WELLCOM VIC

8 **GIANNI CARRARO**
GENERAL MANAGER
DIGITAL HOUSE

JACLYN GORDON
GENERAL MANAGER
WELLCOM NZ

The Wellcom Group Senior Management Team is responsible for the business success of all of the global businesses. We are pleased to announce several new appointments that form part of our ongoing key management personnel strategy, effective July 1, 2012.

WE NOW **OPERATE OVER THREE CONTINENTS** AND SPAN A **TWENTY-FOUR HOUR A DAY** PRODUCTION SERVICE

WELLCOM GROUP LIMITED

FINANCIALS
FOR THE YEAR ENDED 30 JUNE 2012

A.C.N. 114 312 542

LONDON KUALA LUMPUR SINGAPORE ADELAIDE MELBOURNE SYDNEY AUCKLAND

WELLCOM GROUP LIMITED

FINANCIALS
FOR THE YEAR ENDED 30 JUNE 2012

CONTENTS

All figures in this Annual Report are in Australian Dollars unless otherwise nominated.

CORPORATE GOVERNANCE STATEMENT

Wellcom Group Limited ('the Company') and the Board of directors are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as 'the Group' in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the *ASX Corporate Governance Principles and Recommendations.*

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and key stakeholders and to ensure the Group is properly managed.

Role of the Board

The Board's role is to provide strategic guidance and effective oversight of management. It is ultimately accountable to shareholders for the management and direction of management and of the business of the Group and, therefore, has ultimate authority over management.

In carrying out its role and exercising its powers, the Board acts in accordance with the letter and spirit of the law and the Company's Constitution. It acts honestly, fairly and with integrity in accordance with the Company's policies, codes of conduct and ethical and other standards and in a manner that will create and develop sustainable value for shareholders. It has regard to the interests of the Company's stakeholders, its employees, suppliers, customers or other stakeholders and the general community.

Responsibilities of the Board

In performing its role, the Board undertakes the responsibility for:

- the oversight of the Company, its business, activities, corporate governance and internal controls, including the development of its commercial, strategic and financial objectives and the monitoring of the implementation and execution of those objectives;
- the role of a nomination committee, including the composition of the Board, appointment and retirement or removal of directors and succession planning, without the formal creation of a separate committee;
- the review and oversight of the operation of systems of risk management, internal compliance and control, codes of ethics and conduct, legal and regulatory compliance;
- the monitoring of senior management's performance and implementation of strategy, including ensuring appropriate resources are available;
- approval of major capital expenditure, capital management, acquisitions and divestitures and consequential monitoring of their progress;
- performance of investment and treasury functions;
- monitoring industry developments relevant to the Group and its business;
- development of suitable key indicators of financial performance for the Group and its business;
- input into, and final approval of, management's development of corporate strategy and performance objectives;
- establishment and oversight of committees to consider such matters as the Board may consider appropriate, including audit matters, finance and business risks, remuneration and nominations and the establishment of a framework for the effective and efficient management of the Group; and
- any and all other matters reserved to it by law.

Day-to-day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are delegated by the Board to the Chief Executive Officer and senior executives. A performance assessment for senior executives last took place in August 2011, as part of the annual assessment process.

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the Company website at www.wellcom.com.au. The charter details the Board's composition and responsibilities.

Composition of the Board

The Company's corporate governance charter requires the Board to comply as far as practicable with the following requirements regarding its composition:

- the Board must comprise members with a range of experience, expertise, skills and contacts relevant to the Group and its business;
- there must be at least three (3) directors appointed in accordance with the Constitution of the Company, which requires a minimum of three (3) and a maximum of seven (7) 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;
- to establish gender diversity objectives and assess annually the objectives and progress in achieving them.

Directors' independence

Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Company's corporate governance charter states an independent director will:

- be a non-executive director;
- not be a substantial shareholder of the Company or an officer of or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- not have, within the past three (3) years, been employed in an executive capacity by the Company or any other Group member, or have been a director after ceasing to hold any such employment;
- not be a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent notwithstanding their position as a professional advisor due to the fact that the fees payable by the Company to the advisor's firm represent an immaterial component (less than 5%) of its overall revenue;
- not be a significant supplier or customer of the Company or another Group member or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- not have a significant contractual relationship with the Company or another Group member other than as a director;
- be free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The Board regularly assesses the independence of each director in light of the interests disclosed by them, and each director provides the Board with all relevant information for this purpose.

The Board considers that the concepts of 'independence' and 'conflicts' should be distinguished for the purposes of assessing the independence of a director.

Each member of the Board is required to disclose any material contract or other relationship or personal interest in any matter that has a bearing to any degree on the business affairs or operations of the Group in accordance with the Corporations Act. In respect of any matter disclosed by a director, which is an item of business for consideration by the Board, that director must not be present while the matter is being considered, or vote on that matter.

In the context of director independence, 'materiality' is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount.

It is presumed to be material if it is equal to or greater than 10% of the appropriate base amount (unless there is qualitative evidence to the contrary). Qualitative factors considered include, among other things, the importance of a strategic relationship, competitive landscape, nature of the relationship and the contractual or other arrangements governing the relationship.

In accordance with the definition of independence above and the materiality thresholds set, the following directors of the Company are considered to be independent:

Name:	**Position:**
K.B. Smith	Non-executive Director
C.A. Anzarut	Non-executive Director

Board members

The skills, experience, expertise, qualifications, term of office and independence status of each director in office at the date of the annual report is included in the directors' report.

At the date of the annual report there are three (3) directors, two (2) of which are independent non-executive directors.

The Board seeks to ensure that its membership at any point in time represents an appropriate balance between directors with knowledge and experience of the Group and its businesses, and directors who can provide an external or fresh perspective.

The size of the Board is to remain at all times, conducive to effective discussion and efficient decision-making.

Term in office

The Company's Constitution requires that one-third of the directors (or the number nearest one-third), being the longest serving directors, retire at each annual general meeting of the Company. All directors, excluding a Chief Executive Officer, are also required to retire where a third annual general meeting falls during the period in which they have held office. Retiring directors are eligible to be re-elected.

The term in office held by each director in office at the date of this report is as follows:

Name:	**Term in office:**
W.W. Sidwell	7 years
C.A. Anzarut	7 years
K.B. Smith	6 years

Chairman and Chief Executive Officer

The Chairman of the Board and Chief Executive Officer is responsible for:

- the provision of leadership to the Board;
- planning and conducting Board meetings, ensuring that the Board has full information on which to base its decisions on the business of the meeting;
- managing the periodic reviews of the performance of the Board;
- briefing all directors in relation to issues at Board meetings; and
- facilitating the effective contribution of all directors and promoting constructive and respectful relations between Board members and management.

The Company's corporate governance charter does not require these roles to be undertaken by separate people.

Commitment

The Board held ten (10) meetings during the year. All meetings were held at operational sites of the Company or its controlled entities. Details of meetings held by the Board of directors and of each Board committee and the attendance at those meetings is disclosed in the directors' report.

The Company requires all non-executive directors to spend sufficient time during the year preparing for and attending Board and committee meetings and associated activities.

The commitments of non-executive directors are considered prior to the director's appointment or re-appointment to the Board of directors of the Company and are reviewed each year as part of the annual review process.

Each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to fulfil their responsibilities to the Company prior to their appointment or being submitted for re-election.

Independent professional advice

The Company has initiated a set of procedures, agreed by the Board, to enable directors to seek independent professional advice to further their duties, at the expense of the Company. The Chairman's approval is required prior to the commitment of Company funds, however such approval will not be unreasonably withheld.

Board committees

The Board has established a number of committees to assist in the performance of its duties and to allow for detailed consideration of more complex issues where necessary. Current committees of the Board consist of the Audit Committee and the Remuneration Committee. Three Board members currently serve on the Audit Committee and two Board members sit on the Remuneration Committee. Each committee structure and membership is reviewed on an annual basis.

Principle 3: Promote ethical and responsible decision-making

Code of conduct

The Company has developed a code of conduct that has been endorsed by the Board and applies to all directors and officers of the Company. Full details of the code of conduct are available on the Company's website.

The objective of the code is to guide behaviour, enhance investor confidence in the Company and demonstrate the commitment of the Company to its ethical standards and practices.

All directors and officers of the Company must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group and to act in accordance with the interests of shareholders, staff, clients and all other stakeholders in the Company.

In making decisions on behalf of the Company, directors and officers will respect and have regard to the bona fide interests of legitimate stakeholders in the Company, including its shareholders, employees, customers, clients, partners and suppliers.

The Company will not knowingly infringe the legal rights of legitimate stakeholders, and will take reasonable steps to minimise the risk of doing so unintentionally.

Officers must act fairly and honestly in all their dealings with and for the Company. Business relationships must be maintained in a way that is consistent with the principles of fairness and respect for others.

The Company maintains a position of impartiality with respect to party politics. Accordingly, the Company does not contribute funds to any political party, politician or candidate for public office.

The Company does not prohibit officers from making personal political contributions but they may not use their role with the Company for political interests at any time.

The purchase and sale of company securities by directors, relevant employees, and their related parties is only permitted during the four-week period following the release of the half-yearly or annual financial statements to the market and after conclusion of the AGM, subject to additional provisions detailed within the code of conduct as available on the Company's website.

Diversity Policy

The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the company has developed a diversity policy, a copy of which can be found on the company's website. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the company's progress in achieving them.

In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives over the coming 2 to 3 years as director and senior executive positions and appropriately skilled candidates become available:

	Objective		**Actual**	
	Number	**%**	**Number**	**%**
Number of women employees in the whole organisation	130	40	118	36
Number of women in senior executive positions	3	30	2	20
Number of women on the Board	1	25	0	0

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The Board has established an Audit Committee, which operates under a charter adopted by the Board, which is available on the Company's website.

It is the Board's responsibility to ensure that an effective internal framework exists within the Group, including internal controls to deal with the safeguarding of assets, efficient and effective significant business processes, maintenance of proper accounting records and the reliability of financial information, together with non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Audit Committee was in place for the entire financial period referred to in this financial report. There were two (2) Audit Committee meetings held during the year. Details of directors' attendance at these committee meetings are outlined in the directors' report.

The committee provides the Board with additional assurance regarding the correctness and reliability of financial information prepared for use by the Board and also for the integrity of the Company's internal controls affecting the preparation and provision of the financial information in determining policies or for inclusion in the financial report.

The Company's Audit Committee charter requires a minimum of three (3) directors be appointed to the Audit Committee, comprising of at least two (2) non-executive directors and be chaired by a director who is not Chairman of the Board and is otherwise independent. At least one (1) member of the committee must have financial expertise (for example, a qualified accountant or other professional with financial and accounting experience) and at least one (1) member of the committee must have an understanding of the industry in which the Company operates. The Board will confirm membership of the committee each year.

The main responsibilities of the Audit Committee are to:

- monitor and make recommendations to the Board on the effectiveness of the Company's external audit function;
- make recommendations to the Board in regard to the scope of internal and external audit and the development of audit plans, the process for putting the external audit out to tender, the appointment of the external auditors, and report on any exception or qualifications reported or recommendations made by the external auditor in the auditor's opinion and management letter;
- directly oversee the external audit tender process, including at least two (2) of the members of the Audit Committee on the interview panel for the tender;
- review the form and content of representation letter/s provided to the external auditors;

- monitor implementation of any actions required by the Board to be taken by management to address any exceptions or qualifications reported and recommendations made by the external auditor;
- liaise with the external auditors, including at least two (2) meetings each year with the auditors. A portion of those meetings, dealing with the preparation of the audited accounts of the Company, should take place in the absence of all management;
- review and make recommendations to the Board in relation to accounting policies or required changes to the major accounting policies of the Company;
- monitor compliance by management with all approved accounting policies of the Company;
- monitor the effectiveness of the Company's risk and compliance internal controls and systems and make recommendations to the Board when necessary;
- regularly consider and monitor the Company's exposure to significant risks, and make recommendations to the Board in respect of such monitoring findings, including strategic and operational improvements in risk management planning and implementation and insurance strategies;
- oversee the development by management of risk management plans and make recommendations to the Board;
- monitor the implementation of approved risk management plans throughout the Company;
- monitor compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by management in relation to those requirements;
- ensure completion of the Company's annual corporate governance statement for inclusion in the annual report of the Company, as required by ASX Corporate Governance Principles;
- evaluate the adequacy and effectiveness of the internal financial and other controls used by the Company to ensure the accuracy and integrity of all information provided to the Board and to others outside the Company.

The committee will regulate itself consistently with the rule set out in the Company's corporate governance charter and under the principles and procedures of the Audit Committee charter.

The members of the Audit Committee for the entire year were:

K.B. Smith (Committee Chairman)
C.A. Anzarut
W.W. Sidwell

Qualifications of Audit Committee members

K.B. Smith, Chairman of the Audit Committee, has been a Chartered Accountant for over 30 years, serving on the Audit Committee of Schroders Australia from 1992 to 2000, also chairing the Credit & Risk Committees at Schroders Australia from 1996 to 2000. He is a director of SMS Management & Technology Limited and a member of its Audit Committee.

C.A. Anzarut holds the qualifications of LL.B. and MBA and has acted as a commercial lawyer for over 20 years.

W.W. Sidwell has significant experience in the management of Wellcom Group Limited and its predecessor Well.com Pty Ltd, having in excess of 40 years' experience in the industry. He is also a director of a number of private companies.

External auditors

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. HLB Mann Judd was appointed as the Company's external auditor in 2005. As required by the *Corporations Act 2001*, HLB Mann Judd rotates the audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee as required by the *Corporations Act 2001.*

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and context of the audit report.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The Company has developed a set of policies, approved by the Board, to ensure the market is kept fully informed of the Group's strategy and financial performance. The Company seeks to achieve this by providing equal access to information for all investors and avoiding the disclosure of material information to any person on a selective basis.

Disclosable price-sensitive information must be disclosed to ASX prior to disclosure to analysts, the media or others outside the Company to ensure equal access to information. Following confirmation of receipt of lodgement, all information released to ASX will be available on or through the Company's website.

Except for certain confidential information that no reasonable person would expect to be disclosed, once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, it will immediately tell ASX that information. Continuous disclosure obligations are regularly considered and a standing item on the agenda of Board meetings requires all directors to confirm details of any matter within their knowledge that might require disclosure to the market.

The Company communicates regularly with shareholders through:

- its full annual report, which the Company sends to all shareholders in hard copy unless they have elected to receive it by electronic copy or not at all;
- its annual general meeting, at which shareholders are updated on the Group's performance and outlook. All shareholders are given the opportunity to ask questions of the Board and of the auditor, who is invited to the meeting, about the audit;
- Company announcements published with the ASX, and on its website;
- release of the annual results in August each year and the interim results in February;
- market briefings where unexpected events occur during the year or to ensure the market is clear about the Group's strategy, business and outlook. No new materially price-sensitive information is provided at these briefings. Questions at briefings that deal with material information not previously disclosed will not be answered. All inadvertent disclosure of material information during market briefings would be immediately released to ASX.

Only the Chairman or a person authorised by the Chairman is authorised to make any public statement or announcement on behalf of the Company.

The Company does not comment on rumours or market speculation, subject to the continuous disclosure rules.

All proposed media releases and external presentations are reviewed by the Company Secretary in advance to ensure the continuous disclosure requirements are met at all times. The Company Secretary is also responsible for all communications with ASX.

Principle 7: Recognise and manage risk

The Board, through the Audit Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives. Refer to Principle 4 for further comments regarding the responsibilities of the Audit Committee.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Corporate reporting

In complying with recommendation 7.3, The Chief Executive Officer and the Chief Financial Officer have made the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and are in accordance with the relevant accounting standards; and
- that the above statement is founded on a sound system of risk management, internal compliance and controls which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Board has established a Remuneration Committee, which operates under a charter adopted by the Board, a copy of which is available on the Company website.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive management team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of the executive directors' and officers' emoluments to the Company's financial and operational performance. Expected outcomes of the remuneration structure include the retention and motivation of key executives and performance incentives, which allow executives to share in the Company's success.

Full details of the Company's remuneration framework and remuneration received by directors and executives in the current period are included in the remuneration report, within the directors' report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Chairman and executive management.

There have been two (2) Remuneration Committee meetings held during the year. Details of directors' attendance at the committee meetings is outlined in the directors' report.

The members of the Remuneration Committee for the entire year were:

C.A. Anzarut (Committee Chairman)
W.W. Sidwell

ASX Corporate Governance Principles and Recommendations – Compliance

The Company complies, and has complied with the best practice recommendations of the ASX Corporate Governance Council for the whole of the financial year, with the exception of those items listed below:

a) The Chairman and Chief Executive Officer roles are performed by the same person. Best practice recommends that the roles not be exercised by the same person, and that the Chairman be an independent director.

b) The Audit Committee consists of the three members of the Board. The committee is chaired by an independent non-executive director, however, does not meet best practice guidelines of having only non-executive directors as members.

c) The Remuneration Committee consists of two members, one of whom is independent and acts as the Committee Chairman. Best practice recommends that the Remuneration Committee has at least 3 members and consists of a majority of non-executive directors.

d) The Board undertakes the responsibility of the nomination committee rather than there being a separate nomination committee.

The exceptions listed above were for the whole of the financial year. The exceptions are primarily due to the Chairman not being independent. The Board believes that notwithstanding this, the Board (and Audit Committee) is able to, and does, make quality, independent judgements with integrity, in the best interests of the Company and its shareholders, on all relevant issues. The directors of the Board are also able to obtain independent advice at the expense of the Company. The Board believes the Chairman is capable of providing quality, independent judgement to all relevant issues falling within the scope of his role, notwithstanding the dual role.

The Board believes that the current composition of the Board provides the Company with an appropriate mix of experience in commercial operations, law and finance to allow it to perform its duties, whilst at the same time giving the Board the flexibility afforded to a smaller Group of directors. The Board is cognisant of its responsibilities in regards to succession planning and Board experience as the Company grows and expands its operations.

Effective 1 July 2012 K.B. Smith, a non-executive director, was appointed to the Remuneration Committee thereby satisfying the requirements of recommendation 8.2 that the Remuneration Committee has at least 3 members and consists of a majority of non-executive directors.

DIRECTORS' REPORT

The directors of Wellcom Group Limited ('the Company') submit herewith the annual financial report of the consolidated entity ('the Group'), consisting of the Company and the entities it controlled at the end of or during the year ended 30 June 2012.

DIRECTORS

The names and details of the directors of the Company during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

W.W. Sidwell (Chairman and Chief Executive Officer)

Wayne William Sidwell was the founder and managing director of the original Wellcom business, established in 2000 and acquired by the Company from Well.com Pty Ltd in 2005. Wayne has more than 40 years' experience in the pre-media industry and currently serves on both the Audit and Remuneration Committees, in addition to serving on the Board of a number of private companies.

C.A. Anzarut (Non-executive Director)

Charles Arthur Anzarut combines his work as a practising solicitor with his role as a non-executive director of the Company. Charles joined Wellcom Group Limited upon its inception in May 2005 and presently serves on both the Audit and Remuneration Committees. Charles holds the qualifications of LL.B. and MBA and has acted as a commercial lawyer for over 20 years.

K.B. Smith (Non-executive Director)

Kerry Brian Smith joined Wellcom Group Limited in March 2006 and acts as chairman of the Company's Audit Committee. Kerry has been a Chartered Accountant for over 30 years, serving on the Audit Committee of Schroders Australia from 1992 to 2000, and chairing the Credit & Risk Committees at Schroders Australia from 1996 to 2000. He is a director of SMS Management & Technology Limited and a member of its Audit Committee.

COMPANY SECRETARY

L.J. Graham (Company Secretary)

Leonard Julian Graham was appointed as Company Secretary on 19 March 2007. Julian was also appointed Chief Financial Officer of the Group on 1 November 2006. Julian has over 20 years' experience in the manufacturing, software and pre-media industries. He holds a Bachelor of Business and is a Certified Practising Accountant (CPA).

Interests in the shares of the company

As at the date of this report, the interests of the directors in the shares of the Company were:

	Number of Shares
W.W. Sidwell	25,433,211*
C.A. Anzarut	20,000*
K.B. Smith	20,000*

* All interests in Company securities held by the above directors were ordinary shares.

DIVIDENDS

Dividends paid to shareholders during the financial year were as follows:

	2012 $'000	2011 $'000
Final dividend for the year ended 30 June 2011 of 9 cents per fully paid ordinary share paid on 15 September 2011 (2010: 8 cents)	**3,527**	3,135
Interim dividend for the half year ended 31 December 2011 of 8 cents per fully paid ordinary share, paid on 21 March 2012 (2011: 7.5 cents)	**3,135**	2,939
	6,662	6,074

In addition to the above dividends, since the end of the financial year, the directors have recommended to pay a final dividend for the year ended 30 June 2012 of 10 cents per fully paid ordinary share. The dividend was declared on 22 August 2012, with a record date of 5 September 2012, to be paid on 19 September 2012 out of retained profits at 30 June 2012. The dividend will be fully franked.

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group were:

The provision of pre-media and data management services in Australia, the United Kingdom, New Zealand and Asia encompassing the following services:

- Pre-media Services;
- Design, Artwork and Retouching;
- Software, Data and Facilities Management;
- Digital Photography;
- Television Production;
- Digital Print; and
- Computer to Plate (CTP) Production.

OPERATING AND FINANCIAL REVIEW

Overview

The year ended 30 June 2012 saw the successful integration of the acquired business of iPrint Corporate Pty Ltd, previously a 50% equity accounted joint venture between Wellcom Group Limited and Australian Postal Corporation, which was acquired on 30 June 2011. The business of Mission Possible (Create) Ltd, acquired on 1 July 2011, was also successfully integrated into the business with the subsequent commencement of pre-media studio services to BBH London. BBH is a leading global creative advertising agency with offices in London, New York, Singapore, Mumbai, Shanghai and Sao Paolo whose client list includes British Airways, Waitrose, Dulux, Unilever, Axe/Lynx, ITV, Johnnie Walker, Audi and Bayer. Details relating to both these acquisitions are disclosed in further detail in note 28 of the notes to the consolidated financial statements.

The Group grew revenues and earnings across all jurisdictions notwithstanding continued investment in technology, including the Company's proprietary 'Knowledgewell' software and the recently launched 'Canopy' proprietary software tool. 'Canopy' combines digital product management with distribution, converting client assets into marketing offers that can be pushed into multiple sales channels for any online device.

Effective 1 July 2012 Wellcom announced the purchase of Dreamwalk Pty Ltd, a specialist developer of innovative mobile and web applications that is renowned for their creative digital designers and expert programmers. The acquisition, together with the Group's strong client base and new business wins not fully reflected in the results for the year ended 30 June 2012 is expected to provide the basis for continued growth in the next financial year.

Operating results for the year

Group revenues of $88.64m (2011: $57.25m) represented an increase of 55% over the previous financial year. Revenue growth of 55% in Australasia and 51% in the UK was driven by the addition of new customer contracts, together with the acquisitions of iPrint Corporate Pty Ltd and Mission Possible (Create) Ltd noted on page 33.

Revenues (excluding print management pass through costs) of $55.76m (2011: $52.67m) represented an increase of 6% over the prior corresponding financial year.

Operating margins within the Group continued to improve when viewed in comparison to the prior year, increasing from 28% to 29% in Australasia and from 11% to 19% in the United Kingdom. Group operating margins increased from 26% to 27% in comparison to the prior year.

EBITDA from continuing operations increased by 10% to $15.16m (2011: $13.82m) with EBIT from continuing operations increasing by 11% to $13.18m (2011: $11.85m). NPAT from continuing operations attributable to the owners of the Group increased 5% to $9.59m (2011: $9.15m), with the associated earnings per share from continuing operations rising 5% to 24.46 cents (2011: 23.34 cents).

The effective tax rate for the Group was 31% (2011: 25%) with a higher than average tax rate in the current year arising from deferred tax adjustments relating to the acquisition of iPrint Corporate Pty Ltd, and a lower than average tax rate in the prior year relating primarily to joint venture profits being recognised as dividends and their subsequent tax-free contribution to profits.

Shareholder returns

The shareholder returns presented below are based on results from continuing operations.

	2012	2011
Basic earnings per share (cents)	**24.46**	23.34
Return on net assets (%)	**17.30**	17.42
Dividend payout ratio (%)	**73.59**	70.70

Liquidity and financial condition

The Group generated $6.1m in cash from operating activities for the year ended 30 June 2012 (2011: $11.7m) with Group cash generation returning to normal levels in the second half of the year. Net assets increased $2.9m to $55.4m (2011: $52.5m). As at 30 June 2012 the Group has no net debt with cash and cash equivalents in excess of interest bearing liabilities by $15.5m (2011: $17.6m), providing flexibility to pursue opportunities that may arise. The Group also has $7.9m of unused bank facilities as at 30 June 2012 (2011: $10.6m), the decrease on prior year reflecting a reduction in the Group's overall facilities to $9.2m (2011: $11.8m).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the year and up to the date of this report, with the exception of those matters previously outlined under the heading of Operating and Financial Review above.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The directors of Wellcom Group Limited declared a final dividend on ordinary shares in respect of the 2012 financial year on 22 August 2012. The total amount of the dividend is $3.919m, which represents a fully franked dividend of 10 cents per share. The dividend has not been provided for in the 30 June 2012 financial statements.

On 1 July 2012 the Group acquired the business assets of Dreamwalk Pty Ltd, located in Melbourne, Victoria. Refer to note 28 of the notes to the consolidated financial statements for further information with respect to this acquisition.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group's strong client base is expected to provide the basis for growth in the next financial year, notwithstanding the challenging economic conditions in Australia and overseas.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

There have been no known breaches of any environmental regulations with which the Group is required to comply.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in, on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

SHARE OPTIONS

There were no options for securities in the Company exercised during the financial year and there were no unissued shares in the Company, under options, at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Wellcom Group Limited paid a premium of $39,060 (2011: $32,960) to insure the directors, officers and senior management of the Company and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from the conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal cost and those relating to other liabilities.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year ended 30 June 2012, together with the number of meetings attended by each director during that period were as follows:

	Directors' Meetings		Committee Meetings			
			Audit		Remuneration	
	Held	Attended	Held	Attended	Held	Attended
W.W. Sidwell	10	10	2	2	2	2
C.A. Anzarut	10	10	2	2	2	2
K.B. Smith	10	10	2	2	^	^

^ Not a member of the relevant committee

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and other key management personnel of the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Remuneration philosophy

The performance of the Group depends upon the quality of its directors, executives and other key management personnel. Motivation and retention of skilled directors and other key management personnel is essential for the Group to achieve success and the resulting shareholder returns.

The Group's objective in its remuneration framework is to ensure director, executive and management rewards are reflective of performance, are competitive and appropriate for delivered results and are commensurate to the achievement of the Group's strategic objectives and return to shareholders.

The Board is responsible for determining and reviewing compensation arrangements for all executive and non-executive directors and the senior management team. The Board has appointed a Remuneration Committee to facilitate the Company's remuneration framework and ensure the following criteria are satisfied:

- Competitiveness to attract and ensure retention of high calibre executives and directors;
- Reasonableness, fairness and consideration of market guidelines;
- Appropriateness of performance criteria linked to variable executive remuneration;
- Established relationship between executive rewards, alignment to the Group's business strategy and performance and increased shareholder value;
- Transparency and shareholder approval of compensation arrangements.

The Corporate Governance Statement provides further information on the role of the Remuneration Committee.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set non-executive remuneration at a level that fairly compensates the individual director for their time and contribution to the affairs of the Company, whilst incurring a cost that is acceptable to shareholders. The remuneration paid to directors is reviewed annually.

Structure

The ASX Listing Rules require the aggregate remuneration of non-executive directors be determined from time to time by a general meeting. During the financial year, each non-executive director received a set fee for being a director of the Company. The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs. Details of the remuneration of non-executive directors for the year ended 30 June 2012 and 30 June 2011 are set out in Table 1 and 2 respectively.

Executive director and key executive remuneration

Objective

The Company seeks to set remuneration for key management personnel at a level commensurate with their position within the Group and the inherent responsibilities therein. Remuneration is reviewed annually by the Remuneration Committee, which reports to the Board. The Remuneration Committee conducts a review of Group-wide data, state unit and individual performance, relevant comparative market and internal remuneration and the level of shareholder returns generated.

Structure

The Company has entered into employment contracts with all key management personnel of Wellcom Group Limited and other entities within the Group.

Key management personnel are given the opportunity to receive their fixed remuneration in a variety of forms including cash, superannuation contributions and fringe benefits, such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

Short-term and long-term incentives are designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. Payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. KPIs include profit contribution, customer satisfaction and leadership contribution and management. Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the achievement of the KPIs. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year. In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited figures.

The key management personnel of the Group were the non-executive and executive directors together with the following additional executives:

S. Rees, Chief Operating Officer
L.J. Graham, Company Secretary and Chief Financial Officer
M. Bettridge, Strategy and Global New Business Development Officer
C. Grawe, General Manager, UK

Details of the remuneration of key management personnel of the Group for the year ended 30 June 2012 are set out in the table below (Table 1).

Table 1

Name	Short-term employee benefits			Post-employment benefits	Long-term benefits		
	Cash salary $	**Bonus $**	**Non-cash benefits $**	**Super-annuation $**	**Long service leave $**	**Total $**	**At risk %**
Non-executive directors							
C.A. Anzarut	59,633	-	-	15,367	-	75,000	-
K.B. Smith	64,220	-	-	5,780	-	70,000	-
Sub-total non-executive directors	**123,853**	**-**	**-**	**21,147**	**-**	**145,000**	**-**
Executive directors							
W.W. Sidwell	390,006	-	-	50,000	61,152	501,158	-
Other key management personnel							
S. Rees	266,145	72,500	-	15,775	23,106	377,526	19.2
L.J. Graham	288,394	38,438	-	15,775	10,583	353,190	10.9
M. Bettridge	266,777	72,500	7,447	15,775	6,070	368,569	19.7
C. Grawe*	174,061	32,801	465	9,136	-	216,463	15.2
Total key management personnel compensation	**1,509,236**	**216,239**	**7,912**	**127,608**	**100,911**	**1,961,906**	**11.0**

* Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2012.

Details of the remuneration of key management personnel for the Group for the year ended 30 June 2011 are set out in the table below (Table 2).

Table 2

	Short-term employee benefits			Post-employment benefits	Long-term benefits		
Name	**Cash salary $**	**Bonus $**	**Non-cash benefits $**	**Super-annuation $**	**Long service leave $**	**Total $**	**At risk %**
Non-executive directors							
C.A. Anzarut	61,927	-	-	13,073	-	75,000	-
K.B. Smith	64,220	-	-	5,780	-	70,000	-
Sub-total non-executive directors	**126,147**	**-**	**-**	**18,853**	**-**	**145,000**	**-**
Executive directors							
W.W. Sidwell	190,000	-	-	50,000	9,816	249,816	-
A.J. Brook^	400,000	-	-	15,199	-	415,199	-
Other key management personnel							
S. Rees	208,887	70,000	-	15,199	31,633	325,719	21.5
L.J. Graham	251,888	100,000	-	15,199	5,179	372,266	26.9
M. Bettridge	249,803	60,000	-	15,199	11,152	336,154	17.8
C. Grawe*	127,978	41,267	1,059	9,578	-	179,882	22.9
Total key management personnel compensation	**1,554,703**	**271,267**	**1,059**	**139,227**	**57,780**	**2,024,036**	**13.4**

^ Resigned 29 November 2010
* Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2011.

Employment contracts

W.W. Sidwell

The Executive Chairman and Chief Executive Officer, Mr Sidwell is employed under contract by Wellcom Group Limited. The current employment contract commenced on 1 September 2011 and terminates on 30 June 2013, at which time the Company may choose to commence negotiations to enter into a new contract with Mr Sidwell.

- Mr Sidwell receives fixed remuneration of $480,000 per annum.
- Both Mr Sidwell and the Company may terminate this contract by giving 12 months' written notice. Where such notice is provided by either Mr Sidwell or the Company, the Company may request Mr Sidwell refrain from performing his duties for the duration of the notice period and provide payment in lieu of the notice period.
- The Company may terminate the contract without notice if serious misconduct has occurred.

Other key management personnel

All other key management personnel are employed under contract by Wellcom Group Limited or its wholly-owned subsidiaries. The current employment contracts are for indefinite terms.

- All executives receive fixed remuneration inclusive of superannuation and other benefits, including motor vehicle benefits.
- Either the executive or the Company may terminate their contracts with notice periods ranging from six (6) months to twelve (12) months. Where such notice is provided by either the executive or the Company, the Company may request the executive refrain from performing their duties for the duration of the notice period and provide payment in lieu of the notice period.
- The Company may terminate the contract without notice if serious misconduct has occurred.

Management Incentive Scheme

Details of the management incentive plan initiated by the Board for key management personnel for the years ended 30 June 2012 and 30 June 2011 are included below. The management incentive scheme represents the only portion of KMP remuneration that relates to performance.

Year ended 30 June 2012

Key management personnel

All key management personnel, other than Executive Directors, shall be entitled to the following:

- An amount not exceeding 50% of their total remuneration package. This is calculated on the achievement of several performance criteria including: (1) the overall financial performance of the Group; (2) the financial performance of individual responsibility centres; and (3) performance based on quantitative and qualitative measures not connected to individual profit centres.
- The incentive shall be paid by way of either cash or shares, the method of payment is at the entire discretion of the Board.
- Any incentive payments due shall only be paid following the release of the full year's results for the Group to the ASX in relation to that financial year.

The following management incentives were approved by the Board in relation to the year ended 30 June 2012:

Year ended 30 June 2012	Remuneration package 1 July 2012 $	Performance criteria 1 $	Performance criteria 2 $	Performance criteria 3 $	Total incentive paid/ payable $
Key management personnel					
S. Rees	290,000	-	72,500	-	72,500
L.J. Graham	307,500	-	-	38,438	38,438
M. Bettridge	290,000	-	-	72,500	72,500
C. Grawe *	168,893	-	32,801	-	32,801
	1,056,393	**-**	**105,301**	**110,938**	**216,239**

* Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2012.

Year ended 30 June 2011

Key management personnel

All key management personnel, other than Executive Directors, shall be entitled to the following:

- An amount not exceeding 50% of their total remuneration package. This is calculated on the achievement of several performance criteria including: (1) the overall financial performance of the Group; (2) the financial performance of individual responsibility centres; and (3) performance based on quantitative and qualitative measures not connected to individual profit centres.
- The incentive shall be paid by way of either cash or shares, the method of payment is at the entire discretion of the Board.
- Any incentive payments due shall only be paid following the release of the full year's results for the Group to the ASX in relation to that financial year.

The following management incentives were approved by the Board in relation to the year ended 30 June 2011:

Year ended 30 June 2011	Remuneration package 1 July 2011 $	Performance criteria 1 $	Performance criteria 2 $	Performance criteria 3 $	Total incentive paid/ payable $
Key management personnel					
S. Rees	241,500	10,000	20,000	40,000	70,000
L.J. Graham	287,500	12,000	40,000	48,000	100,000
M. Bettridge	290,000	12,000	-	48,000	60,000
C. Grawe *	144,880	13,756	27,511	-	41,267
	963,880	**47,756**	**87,511**	**136,000**	**271,267**

* Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2011.

Relationship between Group performance and key management personnel remuneration

The table below details the relationship between the Group's earnings before interest and tax and payments made under the management incentive scheme. The linkage between performance and shareholder wealth for the current and previous four years is also shown.

	2008	2009	2010	2011	2012
Management incentive as a % of target (%)	13.0	21.7	36.7	66.3	40.0
EBIT ($'000)	12,017	10,251	10,983	11,847	13,175
Dividends paid/payable (cents per share)	13.0	12.0	14.0	16.5	18.0
Change in share price between the start and the end of the year (%)	(36.2)	(10.5)	5.9	17.2	7.1

END OF REMUNERATION REPORT

LOANS TO/FROM DIRECTORS AND EXECUTIVES

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 25 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is included on page 42 of the financial report.

NON-AUDIT SERVICES

The Group's auditor, HLB Mann Judd, provided taxation advice during the year ended 30 June 2012 in connection to the implementation of a tax consolidated Group for Wellcom Group Limited and its wholly-owned Australian controlled entities (refer to Note 7). No other non-audit services were provided.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor's firm is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001.* The Directors are of the opinion that the taxation advice provided did not compromise the external auditor's independence for the following reasons:

- All non-audit services are approved to ensure they do not impact the integrity and objectivity of the auditor, and
- The nature of the services provided does not compromise the general principles relating to auditor's independence in accordance with APES 110 *Code of Ethics for Professional Accountants* set by the accounting profession and Ethical Standards Board.

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 financial statements and directors' report. Amounts in the financial statements and directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001.*

On behalf of the Directors

W.W Sidwell
Director
Melbourne, 22 August 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF WELLCOM GROUP LIMITED

In relation to the audit of the financial report of Wellcom Group Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporation Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

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

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Jude Lau
Partner

Melbourne
22 August 2012

HLB Mann Judd (VIC Partnership)
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HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLCOM GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Wellcom Group Limited ('the company') which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, 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 for the consolidated entity. The consolidated entity comprises 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 that is free from material misstatement, whether due to fraud or error.

In Note 2(a)(i), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements,* that the consolidated financial report complies with International Financial Reporting Standards.

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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

HLB Mann Judd (VIC Partnership)

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HLB Mann Judd
Accountants | Business and Financial Advisers

Independence

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

Auditor's Opinion

In our opinion:

a) the financial report of Wellcom Group 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 2012 and of its 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 2(a)(i).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 40 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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 Wellcom Group Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001.*

Matters Relating to the Electronic Presentation of the Audited Financial and Remuneration Report

This audit report relates to the financial and remuneration reports of Wellcom Group Limited for the financial year ended 30 June 2012 published in the annual report and on the company's website. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial and remuneration reports identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial and remuneration reports. If users of the financial and remuneration reports are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial and remuneration reports to confirm the information contained in this website version of the financial and remuneration reports.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
22 August 2012

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 46 to 94 are in accordance with the *Corporations Act 2001*, including:

  i) complying with Accounting Standards, 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 30 June 2012 and of its performance for the financial year ended on that date, 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.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

W.W. Sidwell
Director
Melbourne, 22 August 2012

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Continuing operations			
Revenue	3(a)	**88,638**	57,248
Other income	3(b)	**812**	635
Share of profits of jointly controlled entities accounted for using the equity method	11	**-**	972
Raw materials and consumables		**(38,952)**	(12,117)
Marketing expenses		**(185)**	(293)
Occupancy expenses		**(3,228)**	(3,214)
Employee benefits expense	3(c)	**(28,533)**	(26,474)
Depreciation, amortisation and impairment	3(d)	**(1,982)**	(1,975)
Finance costs	3(e)	**(136)**	(153)
Consulting expenses		**(200)**	(143)
Other expenses		**(2,403)**	(2,359)
Profit from continuing operations before income tax expense		**13,831**	12,127
Income tax expense	4(a)	**(4,245)**	(2,981)
Profit from continuing operations after income tax expense		**9,586**	9,146
Discontinued operations			
Profit from discontinued operations after income tax	5	**-**	477
Net profit for the year		**9,586**	9,623
Profit for the year is attributable to:			
Owners of Wellcom Group Limited		**9,586**	9,623
Earnings per share:			
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:			
Basic (cents per share)	20	**24.46**	23.34
Diluted (cents per share)	20	**24.46**	23.34
Earnings per share from profit from discontinued operations attributable to the ordinary equity holders of the parent:			
Basic (cents per share)	20	**-**	1.22
Diluted (cents per share)	20	**-**	1.22
Earnings per share from profit attributable to the ordinary equity holders of the parent:			
Basic (cents per share)	20	**24.46**	24.56
Diluted (cents per share)	20	**24.46**	24.56

Notes to the consolidated financial statements are included on pages 51 to 94.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Profit for the year		**9,586**	9,623
Other comprehensive income			
Foreign currency translation	19	**(38)**	(809)
Other comprehensive loss for the year, net of tax		**(38)**	(809)
Total comprehensive income for the year		**9,548**	8,814
Total comprehensive income for the year is attributable to:			
Owners of Wellcom Group Limited		**9,548**	8,814

Notes to the consolidated financial statements are included on pages 51 to 94.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents	6(a)	**15,511**	17,608
Trade and other receivables	8	**12,095**	11,362
Inventories and work in progress	9	**1,015**	1,635
Other current assets	10	**900**	809
Total current assets		**29,521**	31,414
Non-current assets			
Property, plant and equipment	12	**4,129**	4,725
Deferred tax assets	4(c)	**1,303**	1,618
Goodwill	13	**32,886**	31,908
Other non-current assets	14	**-**	36
Total non-current assets		**38,318**	38,287
Total assets		**67,839**	69,701
Current liabilities			
Trade and other payables	15	**7,903**	12,014
Current tax payables	4(b)	**896**	1,684
Provisions	16	**3,012**	2,858
Total current liabilities		**11,811**	16,556
Non-current liabilities			
Deferred tax liabilities	4(c)	**47**	9
Provisions	17	**588**	629
Total non-current liabilities		**635**	638
Total liabilities		**12,446**	17,194
Net assets		**55,393**	52,507
Equity			
Contributed equity	18	**38,355**	38,355
Retained earnings and reserves	19	**17,038**	14,152
Total equity attributable to owners of Wellcom Group Limited		**55,393**	52,507

Notes to the consolidated financial statements are included on pages 51 to 94.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Contributed equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity attributable to owners of the parent $'000
At 1 July, 2011		**38,355**	**(2,571)**	**16,723**	**52,507**
Profit for the year		-	-	9,586	9,586
Other comprehensive income for the year		-	(38)	-	(38)
Total comprehensive income for the year		**-**	**(38)**	**9,586**	**9,548**
Transactions with owners in their capacity as owners:					
Dividends paid	21	-	-	(6,662)	(6,662)
At 30 June, 2012		**38,355**	**(2,609)**	**19,647**	**55,393**

	Note	Contributed equity $'000	Reserves $'000	Retained Earnings $'000	Owners of the parent $'000	Non-controlling interest $'000	Total Equity $'000
At 1 July, 2010		**38,355**	**(1,762)**	**13,174**	**49,767**	**1,369**	**51,136**
Profit for the year		-	-	9,623	9,623	-	9,623
Other comprehensive income for the year		-	(809)	-	(809)	-	(809)
Total comprehensive income for the year		**-**	**(809)**	**9,623**	**8,814**	**-**	**8,814**
Transactions with owners in their capacity as owners:							
Dividends paid	21	-	-	(6,074)	(6,074)	-	(6,074)
Disposal of discontinued operation	5	-	-	-	-	(1,369)	(1,369)
At 30 June, 2011		**38,355**	**(2,571)**	**16,723**	**52,507**	**-**	**52,507**

Notes to the consolidated financial statements are included on pages 51 to 94.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		**96,922**	65,245
Payments to suppliers and employees		**(86,028)**	(51,365)
Insurance recovery		**-**	723
Income tax paid		**(4,680)**	(2,793)
Interest and other costs of finance paid		**(136)**	(153)
Net cash provided by operating activities	6(b)	**6,078**	11,657
Cash flows (used in)/provided by investing activities			
Interest received		**791**	434
Dividends received	11	**-**	1,000
Payments for business acquisitions, net of cash acquired	28	**(1,138)**	4,982
Proceeds of disposal of subsidiary, net of cash disposed of		**-**	2,944
Proceeds from sale of property, plant and equipment		**23**	420
Payment for property, plant and equipment		**(1,189)**	(2,321)
Net cash (used in)/provided by investing activities		**(1,513)**	7,459
Cash flows used in financing activities			
Repayment of borrowings		**-**	(129)
Dividends paid		**(6,662)**	(6,074)
Net cash used in financing activities		**(6,662)**	(6,203)
Net (decrease)/increase in cash and cash equivalents		**(2,097)**	12,913
Cash and cash equivalents at the beginning of the year		**17,608**	4,695
Cash and cash equivalents at the end of the year	6(a)	**15,511**	17,608

Notes to the consolidated financial statements are included on pages 51 to 94.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

CONTENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The financial report of Wellcom Group Limited (the Group or consolidated entity) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 22 August 2012.

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

The nature of the operations and principal activities of the Group are described in the directors' report.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity consisting of Wellcom Group Limited and its subsidiaries.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* Wellcom Group Limited is a for-profit entity for the purpose of preparing the financial report.

(i) Compliance with IFRS

The Financial Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iv) Historical cost convention

The financial report has been prepared on a historical cost basis unless otherwise stated.

b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Wellcom Group Limited and its subsidiaries at 30 June each year (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. During the year ended 30 June 2012 subsidiaries have comprised Wellcom London Ltd, Wellcom Group Pte Ltd, Wellmalaysia Sdn Bhd, Wellcom Moving Images Pty Ltd and iPrint Corporate Pty Ltd.

Wellcom London Ltd is 100% owned by Wellcom Group Ltd. The consolidated financial statements include the results of Wellcom London Ltd for the entire financial year. The financial statements of the subsidiary have been prepared using consistent accounting policies.

Wellcom Group Pte Ltd is 100% owned by Wellcom Group Ltd. The consolidated financial statements include the results of Wellcom Group Pte Ltd for the entire financial year. The financial statements of the subsidiary have been prepared using consistent accounting policies.

2. Summary of significant accounting policies (continued)

b) Principles of consolidation (continued)

Wellmalaysia Sdn Bhd is 100% owned by Wellcom Group Ltd. The consolidated financial statements include the results of Wellmalaysia Sdn Bhd for the entire financial year. The financial statements of the subsidiary have been prepared using consistent accounting policies.

Wellcom Moving Images Pty Ltd is 100% owned and controlled by Wellcom Group Limited. Wellcom Moving Images Pty Ltd was dormant for the whole of the financial year.

iPrint Corporate Pty Ltd is 100% owned and controlled by Wellcom Group Limited. iPrint Corporate Pty Ltd was dormant for the whole of the financial year.

All subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management does not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. Further details of significant accounting estimates and assumptions applied are provided in note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

c) Significant accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services were provided.

Interest income

Interest income is recognised using the effective interest rate method.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

e) Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the consolidated income statement over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

f) Borrowing costs

Borrowing costs are expensed as they are incurred. Wellcom Group Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions and readily convertible investments in money market instruments, net of outstanding bank overdrafts. Where outstanding bank overdrafts exist, they are shown within borrowings in current liabilities in the consolidated statement of financial position.
For the purpose of the consolidated statement of cash flows cash and cash equivalents consist of cash and cash equivalents as defined above.

2. Summary of significant accounting policies (continued)

h) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Liability for non-accumulating sick leave is recognised when the leave is taken and is measured at the rates paid or payable.

Provisions made in respect of employee benefits expected to be settled within twelve (12) months, are measured at their nominal values using the remuneration rates expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within twelve (12) months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date based on the government bond rate matching the expected payment dates.

i) Investments and other financial assets

Investments are initially measured at fair value, net of transaction costs incurred.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through the profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The Group did not have any assets classified as 'financial assets at fair value through profit or loss' during this reporting period.

Held-to-maturity investments

Bills of exchange and debentures are recorded at amortised cost using the effective interest method, less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets

The entity did not have any assets classified as being 'available-for-sale'.

Loans and receivables

i) Trade receivables

Trade receivables, which generally have 30 to 60 day terms, are recognised and carried at amortised cost using the effective interest method, less any allowance for any uncollectable amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group may not be able to collect the debts. Collectibility of trade receivables is reviewed on an ongoing basis, and bad debts are written off when identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

i) Investments and other financial assets (continued)

ii) Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recorded at amortised cost using the effective interest method, less impairment. These are included in current assets, except for those with maturities greater than twelve (12) months after reporting date, which are classified as non-current.

j) Financial instruments issued by the company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity, net of any tax effect, as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the classification of the related debt or equity instruments or component parts of compound instruments in the consolidated statement of financial position.

k) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Wellcom Group Limited's functional and presentation currency.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when they are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

2. Summary of significant accounting policies (continued)

l) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that it is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

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

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

n) Intangible assets

Intangible assets acquired in a business combination

All intangible assets acquired in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. All potential intangible assets are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised developments costs, are not capitalised and expenditure is recognised as an expense in the period incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

n) Intangible assets (continued)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

o) Goodwill

Goodwill acquired in a business combination is measured as described in note 1(w). Goodwill is recognised as an asset and not amortised, but tested for impairment annually and more frequently if there is an indication that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or Groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or Group of cash-generating units), to which the goodwill relates.

Wellcom Group Limited performs its impairment testing as at 30 June each year using a value in use, discounted cash flow methodology for cash generating units to which goodwill and indefinite lived intangibles have been allocated. Further details on the methodology and assumptions used are outlined in note 13.

When the recoverable amount of the cash-generating unit (or Group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (or Group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

p) Impairment of assets

The carrying amount of tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

2. Summary of significant accounting policies (continued)

q) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Wellcom Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation on 1 July 2012. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

r) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly in expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

r) Leases (continued)

Finance leased assets are amortised on a straight-line basis over the shorter of the estimated useful life of the asset and the remaining lease term.

Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

s) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

t) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	6 years
Plant and equipment	3 - 20 years
Equipment under finance lease	3 - 6 years
Furniture, fixtures & fittings	5 years

The above estimated useful lives are consistent with the prior year.

The carrying values of plant and equipment, leasehold improvements and equipment under finance lease are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

2. Summary of significant accounting policies (continued)

t) Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the year the asset is derecognised.

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the contractual obligations exceeds the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors.

w) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent assets assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

w) Business combinations (continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

x) 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.

y) Dividends

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

z) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of issued ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of issued ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

aa) Parent entity financial information

The financial information for the parent entity, Wellcom Group Limited, disclosed in note 31 has been prepared on the same basis as the consolidated financial statements.

ab) 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

ac) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from* AASB 9 *and* AASB 2010-7 *Amendments to Australian Accounting Standards arising from* AASB 9 (December 2010) (effective from 1 January 2013*)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013* but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

2. Summary of significant accounting policies (continued)

ac) New accounting standards and interpretations (continued)

* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

(ii) AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities, revised* AASB 127 *Separate Financial Statements and* AASB 128 *Investments in Associates and Joint Ventures and* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles-based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. AASB 11 will not have any impact on the amounts recognised in the financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Application of the amendments by the Group will not affect any of the amounts recognised in the financial statements.

The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 *Fair Value Measurement and* AASB 2011-8 *Amendments to Australian Accounting Standards arising from* AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Profit from operations

	2012 $'000	2011 $'000
(a) Revenue		
Revenue from continuing operations	**88,638**	57,248
(b) Other income		
Interest revenue (bank deposits)	**791**	434
Net gains on disposal of property, plant and equipment	**-**	76
Insurance recovery	**-**	103
Other	**21**	22
	812	635
(c) Employee benefits expense		
Salaries and wages	**(28,368)**	(26,320)
Fringe benefits tax	**(63)**	(54)
Staff amenities	**(102)**	(100)
	(28,533)	(26,474)
(d) Depreciation, amortisation & impairment		
Depreciation of non-current assets	**(1,982)**	(1,975)
(e) Finance costs		
Interest expense	**(136)**	(146)
Other finance costs	**-**	(7)
	(136)	(153)
(f) Net loss on disposal of property, plant and equipment	**(15)**	-
(g) Rental expenses relating to operating leases		
Minimum lease payments	**(2,516)**	(2,613)
(h) Net foreign exchange gain/(loss)	**158**	(105)
(i) Bad and doubtful debts	**(13)**	(9)

4. Income taxes

	2012 $'000	2011 $'000
(a) Income tax recognised in profit or loss		
Tax expense comprises:		
Current income tax expense	**3,889**	3,889
Deferred income tax income relating to		
the origination and reversal of temporary differences	**353**	(933)
Current income charge in respect of previous years	**3**	25
Total income tax expense	**4,245**	2,981
Attributable to:		
Continuing operations	**4,245**	2,981
Deferred income tax revenue included in income tax expense comprises:		
Decrease/(Increase) in deferred tax assets (note 4(c))	**315**	(466)
Increase/(Decrease) in deferred liabilities (note 4(c))	**38**	(467)
	353	(933)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2012 $'000	2011 $'000
Profit from continuing operations before income tax expense	**13,831**	12,127
Profit from discontinued operations before income tax expense	**-**	477
	13,831	12,604
Income tax expense calculated at 30% (2011: 30%)	**4,149**	3,781
Non-deductible expenses	**12**	17
Research and development deduction	**(58)**	(44)
Differences in overseas tax rates	**(51)**	49
Previously unrecognised tax losses recouped to reduce current tax expense	**(36)**	(175)
Previously unrecognised tax losses used to reduce deferred tax expense	**-**	(31)
Under provided in prior periods	**3**	25
Foreign exchange translation adjustments	**10**	-
Adjustments for deferred tax of prior periods	**223**	-
Deferred tax assets not recognised	**33**	127
Non-assessable income	**-**	(727)
Change in unrecognised temporary differences	**(40)**	(41)
	4,245	2,981

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Income taxes (continued)

	2012 $'000	2011 $'000
(b) Current tax assets and liabilities		
Current tax assets	**-**	-
Current tax liabilities	**896**	1,684
(c) Deferred tax balances		
Deferred tax assets comprise:		
Temporary differences	**1,303**	1,618
Deferred tax liabilities comprise:		
Temporary differences	**47**	9

2012	Opening balance $'000	Charged/ Credited to Income $'000	Acquisitions/ Disposals $'000	Closing balance $'000
Gross deferred tax assets:				
Doubtful debts	12	(12)	-	-
Provisions	1,034	28	-	1,062
Intangible assets	223	(223)	-	-
Investments	-	82	-	82
Accruals	265	(149)	-	116
Property, plant and equipment	25	(4)	-	21
Tax losses	59	(37)	-	22
	1,618	**(315)**	**-**	**1,303**
Gross deferred tax liabilities:				
Interest receivable	9	28	-	37
Doubtful debts	-	10	-	10
	9	**38**	**-**	**47**

4. Income taxes (continued)

2011	Opening balance $'000	Charged/ Credited to Income $'000	Acquisitions/ Disposals $'000	Closing balance $'000
Gross deferred tax assets:				
Doubtful debts	62	11	(61)	12
Provisions	1,020	74	(60)	1,034
Intangible assets	-	223	-	223
Accruals	135	155	(25)	265
Lease incentive	18	(18)	-	-
Property, plant and equipment	37	(12)	-	25
Tax losses	476	33	(450)	59
	1,748	**466**	**(596)**	**1,618**
Gross deferred tax liabilities:				
Interest receivable	-	-	9	9
Property, plant and equipment	387	(387)	-	-
Doubtful debts	13	(13)	-	-
Investments in joint venture	67	(67)	-	-
	467	**(467)**	**9**	**9**

	2012 $'000	2011 $'000
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**559**	729
Potential tax benefit	**117**	153

The above tax losses relate to overseas subsidiaries.

(e) Unrecognised temporary differences

Temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Foreign currency translation	**269**	138
Unrecognised deferred tax liabilities relating to the above	**81**	41

A deferred tax liability has not been recognised in respect of temporary differences of $268,989 (2011: $138,186) arising as a result of the translation of the financial statements of the consolidated entity's subsidiary in the UK. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Discontinued Operations

Effective 1 July 2010 the Group disposed of its 50% shareholding in Kinkaid Pty Ltd (trading as Cadillac Printing) to interests associated with Wayne Sidwell, Chairman and Chief Executive Officer of the Wellcom Group Ltd. The transaction was in accordance with the resolution approved by shareholders at the company's AGM on 21 October 2010 and the division disposed of is reported in these financial statements as a discontinued operation.

The consideration received of $3m and the repayment of vendor loans reflected the initial purchase consideration made by Wellcom Group Ltd and the book value of the assets on the effective date of the transaction. An accounting profit on sale of the asset of $477k, relating predominantly to the reversal of accumulated losses and previously re-valued assets of the entity, was recognised in the consolidated income statement for the year ended 30 June 2011.

Additional information relating to the discontinued operation, as required by AASB 5, is set out below:

	2012 $'000	2011 $'000
Gain on sale		
Consideration received	-	3,009
Carrying amount of net assets sold	-	(3,017)
Other, including accumulated losses and revaluation reserve recycling	-	485
Gain on sale of discontinued operations	-	477

6. Cash and cash equivalents

	2012 $'000	2011 $'000
a) Cash and cash equivalents		
Cash on hand	**7**	10
Cash at bank	**2,754**	7,598
Cash on deposit	**12,750**	10,000
Total cash and cash equivalents	**15,511**	17,608

Cash at bank and on hand earn interest at floating rates based upon daily deposit rates. Cash on deposit earns interest at fixed rates based upon the bank deposit rate at the time of the deposit and in consideration of the term of the deposit. The interest rate applicable to cash on deposit at 30 June 2012 is 5.42% (2011: 5.99%). Cash is placed on deposit for terms between thirty (30) days to one hundred and eighty (180) days depending upon bank interest rates and cash flow requirements of the Group.

b) Reconciliation of profit to the net cash flows from operating activities

A reconciliation of the net profit after tax of the Group to the net cash inflows from operating activities is provided below:

	2012 $'000	2011 $'000
Net profit after income tax	**9,586**	9,623
Adjustments for non-cash income and expense items:		
Depreciation of non-current assets	**1,982**	1,975
Loss/(Profit) on disposal of non-current assets	**15**	(49)
Profit on disposal of subsidiary	**-**	(477)
Share of jointly controlled entity's profit	**-**	(972)
Interest income received and receivable	**(791)**	(434)
Net exchange difference	**(49)**	(730)
Increase/Decrease in assets/liabilities:		
Trade and other receivables	**(733)**	1,800
Inventories	**640**	151
Other assets	**(116)**	687
Trade and other payables	**(4,134)**	2,096
Income tax payable	**(788)**	729
Deferred tax balances	**353**	(541)
Provisions	**113**	(2,201)
Net cash from operating activities	**6,078**	11,657

c) Financing activities

	2012 $'000	2011 $'000
Secured bank finance facilities subject to annual review:		
- amount used	**1,225**	1,213
- amount unused	**7,932**	10,552
	9,157	11,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Remuneration of auditors

	2012 $'000	2011 $'000
(a) Auditor services		
HLB Mann Judd:		
Audit and review of the financial reports	**85**	85
HLB Mann Judd related practices:		
Audit and review of the financial reports	**11**	11
Other Auditors:		
Audit and review of the financial reports	**25**	29
Total remuneration for audit services	**121**	125
(b) Other services		
HLB Mann Judd:		
Taxation services	**4**	14
HLB Mann Judd related practices:		
Taxation services	**8**	2
Other services	**9**	11
Other Auditors:		
Taxation services	**2**	8
Other services	**-**	5
Total remuneration for non-audit services	**23**	40

8. Trade and other receivables

	2012 $'000	2011 $'000
Trade receivables	**11,959**	11,292
Allowance for doubtful debts	**(45)**	(42)
	11,914	11,250
Sundry debtors	**59**	34
Interest income receivable	**122**	78
	12,095	11,362

Trade receivables are non-interest bearing and have average credit periods of thirty (30) to ninety (90) days. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired in accordance with AASB 139 Financial Instruments: Recognition and Measurement. The amount of any allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. The Group's exposure to credit risk related to trade and other receivables is disclosed in note 22. Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

9. Inventories and work in progress

	2012 $'000	2011 $'000
Raw materials at cost	**95**	86
Work in progress	**920**	1,549
	1,015	1,635

10. Other current assets

	2012 $'000	2011 $'000
Prepayments	**900**	809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Investments accounted for using the equity method

Wellcom Group Limited held a 50% shareholding in iPrint Corporate Pty Ltd from 1 July 2010 to 30 June 2011. On 30 June 2011 the Group acquired the remaining 50% of the shares not previously owned in iPrint Corporate Pty Ltd for a cash consideration of $375,100 (refer to note 28). As at 30 June 2011 iPrint Corporate Pty Ltd was accounted for as a subsidiary of the Group.

Financial information of iPrint Corporate Pty Ltd

	2012 $'000	2011 $'000
Current assets	-	10,021
Non-current assets	-	147
	-	10,168
Current liabilities	-	9,857
Non-current liabilities	-	11
	-	9,868
Net assets	-	300
Income	-	44,043
Expenses	-	(41,266)
Profit before tax	-	2,777
Income tax expense	-	(833)
Net profit after tax	-	1,944
Wellcom Group Limited's share of entity's net profit after tax while jointly controlled	-	972

Dividends received from jointly controlled entity

The Group received total dividends of $Nil (2011: $1,000,000) during the financial year from iPrint Corporate Pty Ltd.

12. Property, plant and equipment

	Plant and equipment $'000	Leasehold improvements $'000	Furniture and fittings $'000	Equipment under finance lease $'000	Total $'000
At 1 July 2010					
At cost	16,698	1,716	808	6,482	**25,704**
Accumulated depreciation	(12,150)	(1,069)	(563)	(1,314)	**(15,096)**
Net book amount	**4,548**	**647**	**245**	**5,168**	**10,608**
Year ended 30 June 2011					
Opening net book amount	4,548	647	245	5,168	**10,608**
Additions	2,132	151	38	-	**2,321**
Additions from business acquisition (note (a))	64	5	8	-	**77**
Disposals	(372)	-	(1)	-	**(373)**
Disposals from discontinued operations (note (b))	(680)	(40)	(5)	(5,129)	**(5,854)**
Depreciation charge	(1,694)	(194)	(80)	(7)	**(1,975)**
Exchange differences	(61)	(4)	(9)	(5)	**(79)**
Closing net book amount	**3,937**	**565**	**196**	**27**	**4,725**
At 30 June 2011					
At cost	11,583	1,789	792	35	**14,199**
Accumulated depreciation	(7,646)	(1,224)	(596)	(8)	**(9,474)**
Net book amount	**3,937**	**565**	**196**	**27**	**4,725**
Year ended 30 June 2012					
Opening net book amount	3,937	565	196	27	**4,725**
Additions	913	94	182	-	**1,189**
Additions from business acquisition (note (c))	225	-	-	-	**225**
Disposals/Transfers	(4)	(5)	(3)	(27)	**(39)**
Depreciation charge	(1,701)	(170)	(111)	-	**(1,982)**
Exchange differences	11	-	-	-	**11**
Closing net book amount	**3,381**	**484**	**264**	**-**	**4,129**
At 30 June 2012					
At cost	12,401	1,879	975	-	**15,255**
Accumulated depreciation	(9,020)	(1,395)	(711)	-	**(11,126)**
Net book amount	**3,381**	**484**	**264**	**-**	**4,129**

a) These additions relate to the acquisition of iPrint Corporate Pty Ltd on 30 June 2011 (refer to note 28).

b) These disposals relate to the sale of Kinkaid Pty Ltd on 1 July 2010 (refer to note 5).

c) These additions relate to the acquisition of Mission Possible (Create) Limited on 1 July 2011 (refer to note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Goodwill

	2012 $'000	2011 $'000
At the beginning of the financial year		
Cost	**33,023**	31,386
Accumulated impairment losses	**(137)**	(137)
Net book amount	**32,886**	31,249
During the financial year		
Opening net book amount	**31,908**	31,249
Additions (note 28)	**897**	2,633
Disposals (note 5)	**-**	(1,427)
Exchange differences	**81**	(547)
Closing net book amount	**32,886**	31,908
At the end of the financial year		
Cost	**33,023**	32,045
Accumulated impairment losses	**(137)**	(137)
Net book amount	**32,886**	31,908

a) Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) according to operating segment and country of operation. A segment-level summary of the goodwill allocation is presented below.

Pre-media and related services – Australasia	**28,572**	28,572
Pre media and related services – United Kingdom	**4,314**	3,336
Total Goodwill	**32,886**	31,908

During the financial period, the Group assessed the recoverable amount of goodwill. The recoverable amount of each cash-generating unit is determined by value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using steady estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

b) Key assumptions used for value-in-use calculations

	Growth rate *		Discount rate **	
	2012 %	2011 %	**2012 %**	2011 %
Pre-media and related services – Australasia	**5.0**	5.0	**14.5**	14.4
Pre media and related services – United Kingdom	**5.0**	5.0	**12.0**	11.9

* Estimated growth rate used to extrapolate cash flows beyond the budget period.

** In performing the value-in-use calculations for each CGU, the Group has applied pre-tax discount rates to pre-tax cash flows.

In completing value-in-use calculations management determined budgeted gross margins based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. Management believes the projected growth rate to be prudent and justified based on the Group's past and expected performance. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

c) Impact of possible changes in key assumptions

A reasonable change in key assumptions would not cause the CGU's carrying amounts to exceed their recoverable amounts.

14. Other non-current assets

	2012 $'000	2011 $'000
Deposits paid	-	36

15. Trade and other payables

	2012 $'000	2011 $'000
Unsecured		
Trade payables	**5,078**	7,471
Goods and services tax (GST) payable	**636**	808
Other	**2,189**	3,735
	7,903	12,014

The average credit period on purchases of goods and services is thirty (30) days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

16. Current provisions

	2012 $'000	2011 $'000
Employee benefits	**3,012**	2,733
Provision for makegood (a)	-	125
	3,012	2,858

(a) Provision for Makegood

Provision has been made for the estimated cost ("makegood") to restore leasehold property to its former state under the terms of the various leases. The costs have been measured at present value of the estimated expenditure required to remove any leasehold improvements.

Movement in provisions: Makegood

Carrying amount at the beginning of the year	**125**	431
Charged/(Credited) to the consolidated income statement:		
- Additional provisions recognised	-	125
- Payments to make good	**(20)**	(185)
- Unused amounts reversed	**(105)**	(246)
Carrying amount at year end	-	125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Non-current provisions

	2012 $'000	2011 $'000
Employee benefits	**538**	529
Provision for makegood (a)	**50**	100
	588	629

(a) Provision for Makegood

Provision has been made for the estimated cost ("makegood") to restore leasehold property to its former state under the terms of the various leases. The costs have been measured at present value of the estimated expenditure required to remove any leasehold improvements.

Movement in provisions: Makegood

	2012 $'000	2011 $'000
Carrying amount at the beginning of the year	**100**	153
Charged/(Credited) to the consolidated income statement:		
- Additional provisions recognised	**-**	72
- Unused amounts reversed	**(50)**	(125)
Carrying amount at year end	**50**	100

18. Contributed equity

	2012 $'000	2011 $'000
39,190,001 (2011: 39,190,001) fully paid ordinary shares*	**38,355**	38,355
	38,355	38,355

* Fully paid ordinary shares carry one voting right per share and carry the right to receive dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. The shares do not have a par value.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors monitors the return on capital, which the Group defines as net operating income attributable to members of the parent entity divided by average shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's aim is to achieve a minimum return on capital of 15 percent; during the year ended 30 June 2012 the return was 17.3 percent (2011: 17.4 percent). In comparison the weighted average interest expense on interest-bearing loans and borrowings (excluding liabilities with imputed interest) was nil (2011: nil).

There were no changes in the Group's approach to capital management during the year.

18. Contributed equity (continued)

Wellcom Group Limited has entered into lending arrangements with its bankers to obtain overdraft, commercial bill, lease/hire purchase, guarantee/standby letter of credit and pay away facilities. The Group has undertaken to adhere to financial reporting and other conditions as part of this arrangement. The other conditions consist of financial covenants for interest cover and debt to EBITDA ratios. The Group has given undertakings that these ratios will be within agreed limits, measured either against six or twelve-month rolling results. The Group has complied with the externally imposed capital requirements during the year.

19. Retained earnings and reserves

	2012 $'000	2011 $'000
a) Reserves		
Foreign currency translation reserve	**(2,609)**	(2,571)
Movements:		
Foreign currency translation reserve:		
Balance at beginning of financial year	**(2,571)**	(1,762)
Currency translation differences during the year	**(38)**	(809)
Balance at end of financial year	**(2,609)**	(2,571)
b) Retained earnings		
Movements in retained profits were as follows:		
Balance at beginning of financial year	**16,723**	13,174
Net profit attributable to members of the parent	**9,586**	9,623
Dividends paid or provided for (note 21)	**(6,662)**	(6,074)
Balance at end of financial year	**19,647**	16,723
Total reserves and retained earnings	**17,038**	14,152

c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 2(l). The reserve is recognised in profit and loss when the net investment is disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Earnings per share

	2012 Cents	2011 Cents
a) Basic earnings per share		
- from continuing operations	**24.46**	23.34
- from discontinued operations	**-**	1.22
Total basic earnings per share	**24.46**	24.56
b) Diluted earnings per share		
- from continuing operations	**24.46**	23.34
- from discontinued operations	**-**	1.22
Total diluted earnings per share	**24.46**	24.56

c) Reconciliations of earnings used in calculating earnings per share	2012 $'000	2011 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**9,586**	9,623
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**9,586**	9,623
Adjustments to profits for the purposes of calculating diluted earnings per share	**-**	-
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**9,586**	9,623

Weighted number of shares used as the denominator	2012 No. '000	2011 No. '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**39,190**	39,190
Adjustments for calculation of diluted earnings per share	**-**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**39,190**	39,190

21. Dividends

	2012 Cents	2012 $'000	2011 Cents	2011 $'000
a) Fully paid ordinary shares				
Final dividend				
Fully franked for the year ended 30 June 2011, Paid 15 September 2011 (2010: 17 September 2010)	**9.0**	**3,527**	8.0	3,135
Interim dividend				
Fully franked for the half year ended 31 December 2011, Paid 21 March 2012 (2011: 31 March 2011)	**8.0**	**3,135**	7.5	2,939
	17.0	**6,662**	15.5	6,074
b) Dividends not recognised at year end				
Final dividend				
Fully franked final dividend for the year ended 30 June 2012, to be paid 19 September 2012 (2011: 15 September 2011)	**10.0**	**3,919**	9.0	3,527
	10.0	**3,919**	9.0	3,527

c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2012 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2012.

	2012 $'000	2011 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	**10,283**	9,596

The above amounts represent the balance of the franking account at the end of the financial year, adjusted for:

a) franking credits that will arise from the payment of the amount of the provision for income tax;

b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated accounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end but not recognised as a liability at year end will be a reduction in the franking account of $1,679,571 (2011: $1,511,614).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Financial risk management and instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenses are recognised, in respect of each class financial asset, financial liability and equity instrument are disclosed in note 2 of the financial statements.

b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Quantitative disclosures are also included in this note.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Chief Executive Officer and Chief Financial Officer are responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set out appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents held with financial institutions.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Geographically there is no concentration of credit risk.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

22. Financial risk management and instruments (continued)

The Group has been transacting with the majority of its customers for over five years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Goods are sold subject to retention of title clauses where applicable or rights to withhold data, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents the estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit risk in relation to cash and cash equivalents is minimised by investing only with financial institutions that maintain a high credit rating.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	**2012 $'000**	2011 $'000
Cash and cash equivalents	6	**15,511**	17,608
Trade receivables	8	**11,914**	11,250
Other receivables	8	**181**	112
		27,606	28,970

The Group's maximum exposure to credit risk at the reporting date was the fair value of trade receivables, which was $11,914k (2011: $11,250k).

Impairment losses

The ageing of the Group's trade receivables at the reporting date was:

	Gross 2012 $'000	**Impairment 2012 $'000**	Gross 2011 $'000	Impairment 2011 $'000
Not past due	**7,764**	**-**	8,403	-
Past due 0-30 days	**3,259**	**-**	1,939	-
Past due 31-120 days	**896**	**20**	923	15
Past due 121 days to one year	**40**	**25**	27	27
	11,959	**45**	11,292	42

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	2012 $'000	2011 $'000
Opening balance at 1 July	**42**	263
Impairment loss recognised	**14**	10
Receivables written off during the year as uncollectible	**(13)**	(9)
Disposal of Kinkaid Pty Ltd	**-**	(202)
Foreign exchange movement	**2**	(20)
Closing balance at 30 June	**45**	42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Financial risk management and instruments (continued)

The creation of the provision for impaired receivables has been included in 'other expenses' in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- $3.5 million commercial bill facility;
- $1.0 million hire purchase and lease facility;
- $1.36 million bank guarantee facility;
- $1.0 million secured overdraft facility; and
- $2.3 million sundry cashing facility.

The following are the Group's contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2012

Non-derivative financial liabilities	Carrying Amount $'000	Contractual cash flows $'000	6 months or less $'000
Trade and other payables	7,903	7,903	7,903

2011

Non-derivative financial liabilities	Carrying Amount $'000	Contractual cash flows $'000	6 months or less $'000
Trade and other payables	12,014	12,014	12,014

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

As the Group's exposure to market risk is low, no derivative or financial liabilities were entered into during the year ended 30 June 2012 or the year ended 30 June 2011 with the purpose of managing market risks. The Board will continue monitoring the Group's exposure to market risk and in the event that derivatives and/or financial liabilities are entered into, the Board will consider the costs and benefits of seeking to apply hedge accounting in order to manage volatility in profit and loss.

22. Financial risk management and instruments (continued)

Currency risk

The Group does not have material transactions between businesses in Australia and overseas which would give rise to receivables and payables in foreign currency of each of the business units. The individual business units do not have material trade in currency other than their own with third parties that would give rise to any foreign currency risk. The Group considers itself a long-term holder of the assets of Wellcom London Ltd, Wellcom Group Pte Ltd and Wellmalaysia Sdn Bhd and, as such, does not consider short-term currency risk exposure.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily AUD.

As the Group's exposure to currency risk on commercial trading is not significant it has not entered into any hedge transactions or taken alternative measures to minimise fluctuations in the respective currencies.

Exposure to currency risk

The Group's exposure to foreign currency risk at reporting date was as follows, based on notional amounts:

In thousands of AUD	**30 June 2012**				30 June 2011			
	GBP	**NZD**	**SGD**	**MYR**	GBP	NZD	SGD	MYR
Trade receivables	**2,146**	**221**	**68**	**42**	722	95	100	29
Trade payables	**(767)**	**(85)**	**-**	**(6)**	(153)	(48)	(1)	-
Gross exposure	**1,379**	**136**	**68**	**36**	569	47	99	29

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
$1 AUD : 1	**2012**	2011	**2012**	2011
GBP	**0.6513**	0.6212	**0.6505**	0.6614
NZD	**1.2826**	1.3044	**1.2756**	1.3004
SGD	**1.2994**	1.2772	**1.2917**	1.3092
MYR	**3.1760**	3.0400	**3.2431**	3.2814

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Equity $'000	**Profit or loss $'000**
30 June 2012		
GBP	125	-
NZD	12	6
SGD	6	-
MYR	3	-
30 June 2011		
GBP	52	-
NZD	4	6
SGD	9	-
MYR	3	-

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Financial risk management and instruments (continued)

Fair values

Fair values versus carrying amounts

Carrying amounts of assets and liabilities approximate fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form and therefore no fair value hierarchy disclosure is required. The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the consolidated statement of financial position and in the notes to the financial statements.

23. Commitments for expenditure

a) Plant and equipment

There are no known material future commitments for expenditure at the date of this report.

b) Lease commitments

Group as lessee

i) Non-cancellable operating leases – building rental

The Group leases various office premises under non-cancellable operating leases expiring within 1 to 6 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2012 $'000	2011 $'000
Within one year	**2,194**	2,338
Later than one year but not later than five years	**6,097**	7,672
Later than five years	**671**	659
	8,962	10,669

24. Segment information

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. During the year ended 30 June 2012 two reportable segments existed, namely the provision of pre-media services in Australasia and the provision of pre-media services in the United Kingdom.

The following tables present revenue, profit, total asset and total liability information for the years ended 30 June 2012 and 30 June 2011.

b) Segment information provided to the Board of Directors

2012	Pre-Media Australasia $'000	Pre-Media UK $'000	Elimination $'000	Total continuing operations $'000
Revenue from external customers	78,560	10,078	-	88,638
Inter-segment revenue	2,520	-	(2,520)	-
Total segment revenue	**81,080**	**10,078**	**(2,520)**	**88,638**
Segment result	**12,870**	**1,825**	**-**	**14,695**
Interest revenue	791	-	-	791
Interest expense	(113)	(23)	-	(136)
Depreciation and amortisation	(1,725)	(257)	-	(1,982)
Income tax expense	(3,864)	(381)	-	(4,245)
Total segment assets	**67,832**	**5,185**	**(5,178)**	**67,839**
Total segment liabilities	**11,366**	**3,172**	**(2,092)**	**12,446**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Segment information (continued)

2011

	Pre Media Australasia $'000	Pre Media UK $'000	Elimination $'000	Total continuing operations $'000
Revenue from external customers	50,595	6,653	-	57,248
Inter-segment revenue	872	-	(872)	-
Total segment revenue	**51,467**	**6,653**	**(872)**	**57,248**
Segment result	**11,453**	**728**	**-**	**12,181**
Interest revenue	434	-	-	434
Interest expense	(128)	(25)	-	(153)
Depreciation and amortisation	(1,803)	(172)	-	(1,975)
Joint venture income	972	-	-	972
Income tax expense	(3,024)	43	-	(2,981)
Total segment assets	**73,044**	**3,441**	**(6,784)**	**69,701**
Total segment liabilities	**17,892**	**2,644**	**(3,342)**	**17,194**

c) Other segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2 and Accounting Standard AASB 8 Operating Segments.

(ii) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of directors is measured in a manner consistent with the consolidated income statement.

(iii) Segment result reconciliation to profit after tax from continuing operations

	2012 $'000	2011 $'000
Segment result	**14,695**	12,181
Interest revenue	**791**	434
Interest expense	**(136)**	(153)
Corporate charges	**(1,519)**	(1,307)
Joint venture income	**-**	972
Income tax expense	**(4,245)**	(2,981)
Profit after tax from continuing operations	**9,586**	9,146

25. Key management personnel disclosures

(a) Directors

The directors of Wellcom Group Limited during the financial year were:

- Wayne Sidwell (Executive Chairman and Chief Executive Officer)
- Charles Anzarut (Non-executive Director)
- Kerry Smith (Non-executive Director)

(b) Other key management personnel

The other key management personnel of Wellcom Group Limited during the financial year were:

- Stephen Rees (Chief Operating Officer)
- Julian Graham (Company Secretary, Chief Financial Officer)
- Michael Bettridge (Strategy and Global Business Development Manager)
- Chris Grawe (General Manager - UK)

The Group has entered into employment contracts with all key management personnel of the Company and its subsidiaries. Key management personnel are given the opportunity to receive their fixed remuneration in a variety of forms, including cash, superannuation contributions and non-monetary benefits such as motor vehicles.

(c) Key management personnel compensation

The aggregate compensation made to key management personnel is set out below:

	2012 $	2011 $
Short-term employee benefits	**1,733,387**	1,827,029
Post-employment benefits	**127,608**	139,227
Long-term benefits	**100,911**	57,780
	1,961,906	2,024,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Key management personnel disclosures (continued)

d) Key management personnel equity holdings

Fully paid ordinary shares held in Wellcom Group Limited

Year ended 30 June 2012	Opening balance 1 July 2011	Granted as remuneration	Other changes	Closing balance 30 June 2012	Balance held nominally
Directors					
W.W. Sidwell	25,433,211	-	-	25,433,211	-
C.A. Anzarut	20,000	-	-	20,000	-
K.B. Smith	20,000	-	-	20,000	-
	25,473,211	**-**	**-**	**25,473,211**	**-**
Other key management personnel					
S. Rees	16,000	-	-	16,000	-
L.J. Graham	47,310	-	-	47,310	-
M. Bettridge	120,000	-	-	120,000	-
C. Grawe	-	-	-	-	-
	183,310	**-**	**-**	**183,310**	**-**
	25,656,521	**-**	**-**	**25,656,521**	**-**

Year ended 30 June 2011	Opening balance 1 July 2010	Granted as remuneration	Other changes	Closing balance 30 June 2011	Balance held nominally
Directors					
W.W. Sidwell	25,433,211	-	-	25,433,211	-
A. Brook	-	-	-	-	-
C.A. Anzarut	20,000	-	-	20,000	-
K.B. Smith	20,000	-	-	20,000	-
	25,473,211	**-**	**-**	**25,473,211**	**-**
Other key management personnel					
S. Rees	16,000	-	-	16,000	-
L.J. Graham	47,310	-	-	47,310	-
M. Bettridge	120,000	-	-	120,000	-
C. Grawe	-	-	-	-	-
	183,310	**-**	**-**	**183,310**	**-**
	25,656,521	**-**	**-**	**25,656,521**	**-**

25. Key management personnel disclosures (continued)

e) Loans from related parties

	2012 $	2011 $
Beginning of the year	**-**	1,022,383
Loans advanced	**-**	-
Loan repayments	**-**	(1,022,383)
Interest charged	**-**	24,116
Interest paid	**-**	(24,116)
End of year	**-**	-

No expenses have been recognised in respect of bad or doubtful debts due from related parties.

f) Other transactions with directors

The profit from operations includes the following items of revenue and expense that resulted from transactions other than remuneration, loans or equity holdings, with directors or their personally related entities.

Revenue		
Kinkaid Pty Ltd	**1,194,124**	1,150,302
Total recognised as revenue	**1,194,124**	1,150,302
Expenses		
Kinkaid Pty Ltd	**1,150,302**	208,727
Legal fees	**61,270**	48,756
Rent	**624,899**	565,376
Total recognised as expenses	**1,836,471**	822,859

Aggregate amounts of assets and liabilities at the end of the reporting period relating to the above types of other transactions with directors of their personally related entities:

Current assets	**344,771**	318,240
Current liabilities	**719,720**	1,056

Effective 1 July 2010 the Group disposed of its 50% shareholding in Kinkaid Pty Ltd (trading as Cadillac Printing) to interests associated with Wayne Sidwell, Executive Chairman and Chief Executive Officer of Wellcom Group Limited (refer to note 5). Mr Sidwell is a director and shareholder of Kinkaid Pty Ltd. The revenue and expenses arising during the year ended 30 June 2012 disclosed above were based on normal commercial terms and conditions.

A director, Mr C.A. Anzarut, is a partner in the firm of Anzarut & Holm, Lawyers. Anzarut & Holm have provided legal services to Wellcom Group Limited for several years on normal and commercial terms and conditions.

The Company leases two buildings owned by a superannuation fund the assets of which the Executive Chairman and Chief Executive Officer, Mr Wayne Sidwell, is a beneficiary. The rental agreements are based upon normal commercial terms and conditions and rents have been determined by independent valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Related party disclosures

a) Equity interest in related parties

Equity interests in subsidiaries:

Interests in subsidiaries are set out in note 27.

Equity interests in other related parties:

The Company does not hold share capital of any other entity other than those outlined above.

b) Key management personnel remuneration

Disclosures relating to key management personnel are set out in note 25.

c) Transactions with other related parties

The following transactions occurred with other related parties:

	2012 $	2011 $
Sales of goods and services		
Sale of pre-media and print services	**-**	2,085,170
Purchases of goods and services		
Purchase of pre-media and print services	**-**	449,903
Dividend revenue		
Jointly controlled entities	**-**	1,000,000
Third party superannuation contributions		
Contributions to superannuation funds on behalf of employees	**1,889,027**	1,764,431

Sales and purchases of goods and services and dividend revenue received during the year ended 30 June 2011 relates to transactions with iPrint Corporate Pty Ltd. iPrint Corporate Pty Ltd was acquired by the Group on 30 June 2011 (refer to note 28) and became a subsidiary of the Group on that date. Prior to acquisition iPrint Corporate Pty Ltd was a jointly controlled entity of the Group.

d) Outstanding balances arising from sales/purchases of goods and services to other related parties

There were no balances outstanding at the reporting date in relation to transactions with other related parties.
No expense has been recognised in respect of bad or doubtful debts due from related parties during the year.

e) Terms and conditions

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders.

27. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Name of entity	Country of incorporation	Class of shares	Equity holding* 2012	2011
Wellcom Moving Images Pty Ltd	Australia	Ordinary	**100%**	100%
Wellcom London Ltd	United Kingdom	Ordinary	**100%**	100%
Wellcom Group Pte Ltd	Singapore	Ordinary	**100%**	100%
Wellmalaysia Sdn Bhd	Malaysia	Ordinary	**100%**	100%
iPrint Corporate Pty Ltd	Australia	Ordinary	**100%**	100%

* The proportion of ownership interest is equal to the voting power held.

28. Business Combination

Year ended 30 June 2012 - Acquisition of Mission Possible (Create) Ltd

(a) Summary of acquisition

On 1 July 2011 the Group acquired the business assets of Mission Possible (Create) Ltd, a pre-media business located in London (United Kingdom), for a cash consideration of $1,138,340. The acquisition has been accounted for using the acquisition method. The accounts for the year ended 30 June 2012 include the results of Mission Possible (Create) Ltd for the whole of the financial year.

The fair value of the assets and liabilities acquired as of 1 July 2011 are detailed below:

	Fair value $'000
Current Assets:	
Work in progress	20
Other current assets	19
Non-current assets:	
Property, plant and equipment	225
Current liabilities:	
Provisions	(23)
Net identifiable assets acquired	**241**
Purchase consideration	1,138
Net identifiable assets acquired	(241)
Goodwill arising on acquisition	**897**

The goodwill is attributable to the workforce and the profitability of the acquired business. It is not expected to be deductible for tax purposes. All transaction costs have been expensed.

(b) Purchase consideration – cash flow

The net cash outflow on acquisition is equal to the purchase consideration of $1,138,340.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Business Combination (continued)

Year ended 30 June 2011 - Acquisition of iPrint Corporate Pty Ltd

(a) Summary of acquisition

On 30 June 2011, Wellcom Group Limited acquired the remaining 50% of the shares in iPrint Corporate Pty Ltd which it did not own from Australian Postal Corporation, for a cash consideration of $375,100. Prior to the acquisition both Wellcom Group Limited and Australian Postal Corporation held a 50% joint venture interest in the company (refer to note 11).

iPrint Corporate Pty Ltd was incorporated in Australia on 5 October 2001 and operates a print management business. The acquisition has significantly increased the Group's market share in this industry and complements the Group's existing print management activities.

It was assessed by management that the carrying value of assets and liabilities of iPrint Corporate Pty Ltd on 30 June 2011 detailed below approximated the fair value of the assets and liabilities as at that date.

	Fair value $'000
Current Assets:	
Cash and cash equivalents	5,357
Trade receivables	3,502
Interest income receivable	29
Work in progress	1,121
Other current assets	12
Non-current assets:	
Property, plant and equipment	77
Deferred tax assets	70
Current liabilities:	
Trade and other payables	(7,481)
Provisions*	(2,376)
Non-current liabilities:	
Provisions	(2)
Deferred tax liability	(9)
Net identifiable assets acquired	**300**

*Included within current provisions is the provision for a dividend payable to the former joint venture partners of $1,876,312.

	Fair value $'000
Goodwill arising on acquisition	2,633
Represented as follows:	
Purchase consideration	375
Fair value of previously owned interest in iPrint Corporate Pty Ltd*	2,558
Net identifiable assets acquired	(300)
Goodwill arising on acquisition	**2,633**

*The acquisition date fair value of the Group's 50% equity interest in iPrint Corporate Pty Ltd immediately prior to the acquisition was $2.56m. There was no gain or loss recognised as a result of remeasuring to fair value the Group's equity interest in iPrint Corporate Pty Ltd prior to the acquisition.

The goodwill is attributable to the workforce and the profitability of the acquired business. It is not expected to be deductible for tax purposes.

28. Business Combination (continued)

(i) Acquired receivables

The gross contractual amount for trade receivables due is $3,502,320 all of which is collectable.

(ii) Revenue and profit contribution

The acquired business contributed no revenue for the year ended 30 June 2011, as the transaction was settled on the last day of the financial year. As a result of the Group holding 50% of the share capital of the business prior to acquisition a total of $972,258 has been equity accounted within the income statement for the year ended 30 June 2011 (refer to note 11).

If the acquisition had occurred on 1 July 2010, consolidated revenue and profit for the year ended 30 June 2011 would have been $101.29m and $10.6m respectively. These amounts have been calculated using the Group's accounting policies.

(b) Purchase consideration – cash flow

	$'000
The cash inflow on acquisition is as follows:	
Net cash acquired with the subsidiary	5,357
Cash consideration	(375)
Net cash inflow – investing activities	4,982

29. Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2012 $'000	2011 $'000
Statement of Financial Position		
Current Assets	**26,615**	21,269
Total Assets	**67,281**	63,059
Current Liabilities	**9,456**	7,004
Total Liabilities	**10,081**	7,631
Shareholders Equity		
Issued Capital	**38,355**	38,355
Retained Earnings	**18,845**	17,073
	57,200	55,428
Profit for the year	**8,433**	9,000
Total comprehensive income	**8,433**	9,000

b) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2012, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

c) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011.

d) Guarantees entered into by the parent entity

The parent entity has provided a financial guarantee in respect of office rental payments payable by Wellcom London Ltd. No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee, as the fair value of the guarantee is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Subsequent events

In the interval between the end of the reporting period and the date of this report the following events or transactions have occurred or been completed which, in the opinion of the directors, are likely to affect significantly either the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

Dividends

On 22 August 2012, the Company declared a final dividend of 10 cents per ordinary share, payable from profits for the year ended 30 June 2012. The total final dividend proposed is $3,919,000 and will be franked to 100%. The record date for determining entitlements to the dividend is 5 September 2012 and the payment date is the 19 September 2012.

Acquisition of Dreamwalk Pty Ltd

On 1 July 2012 the Group acquired the business assets of Dreamwalk Pty Ltd, located in Melbourne, Victoria. The acquisition involved an initial consideration of $340,000 that was funded by cash reserves. In the event that certain hurdles are achieved by the subsidiary for the 3 years ending 30 June 2015, estimated additional consideration of $1,360,000 may be payable in cash.

31. Additional company information

Wellcom Group Limited is a listed public company, incorporated and operating in Australia.

Registered office
870 Lorimer Street
Port Melbourne Victoria 3207

Principal place of business
870 Lorimer Street
Port Melbourne Victoria 3207

Share registry
Link Market Services
Level 1
333 Collins Street
Melbourne Victoria 3000

Auditors
HLB Mann Judd
Level 1
160 Queen Street
Melbourne Victoria 3000

Solicitors
Anzarut & Holm Pty Ltd
Level 2, Professional Chambers
120 Collins Street
Melbourne Victoria 3000

Bankers
Australia and New Zealand Banking Group Limited
Level 30
100 Queen Street
Melbourne Victoria 3000

Stock exchange listings
Shares are listed on the Australian Stock Exchange and trade under the code WLL.

A.C.N. 114 312 542

A.B.N. 85 114 312 542

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 5 September 2012.

a) Distribution of equity securities

39,190,001 fully paid ordinary shares are held by 775 shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding of fully paid ordinary shares are:

1 – 1,000	184
1,001 – 5,000	276
5,001 – 10,000	144
10,001 – 100,000	154
100,001 and over	17
Total shareholders	**775**

There were ten (10) holders of less than a marketable parcel of ordinary shares.

b) Substantial shareholders

	Fully paid ordinary shares	
	Number	**Percentage (%)**
Well.com Pty Ltd	25,070,911	63.97%
	25,070,911	**63.97%**

c) Twenty largest holders of quoted securities

	Fully paid ordinary shares	
	Number	**Percentage (%)**
Well.Com Pty Ltd	25,070,911	63.97%
Mirrabooka Investments Limited	1,907,277	4.87%
HSBC Custody Nominees (Australia) Limited	1,364,800	3.48%
National Nominees Limited	1,059,096	2.70%
Amcil Limited	804,354	2.05%
Mr Wayne William Sidwell	362,300	0.92%
Moggs Creek Pty Ltd	350,000	0.89%
JH Nominees Australia Pty Ltd	300,000	0.77%
Growth Equities Imputation Limited	295,017	0.75%
Sandhurst Trustees Ltd	269,000	0.69%
Mr Walter Frederick Holland	220,000	0.56%
Mrs Melinda Karen Tickel	200,000	0.51%
Mandel Pty Ltd	190,000	0.48%
JP Morgan Nominees Australia Limited	159,518	0.41%
Mr Erik Adriaanse	150,000	0.38%
Mr Michael Bettridge	120,000	0.31%
Mr Andrew Sidwell	110,200	0.28%
Mrs Fiona Leanne Power	100,000	0.26%
Blueflag Holdings Pty Ltd	100,000	0.26%
Clapsy Pty Ltd	90,000	0.23%
	33,222,473	**84.77%**

NOTES

CREDITS

DESIGN AND ARTWORK	Wellcom Group Limited
PRE-MEDIA	Wellcom Group Limited
RETOUCHING	Wellcom Group Limited
PRINT MANAGEMENT	Wellcom Print & Digital Management
DIGITAL PHOTOGRAPHY	Wellcom Group Limited
PRINTING	Digital House
COVER	Monza 300gsm FSC* & Recycled
FRONT SECTION	Monza 130gsm FSC* & Recycled
FINANCIAL SECTION	Tudor RP 115gsm 100% Recycled

* FSC Sustainably Certified Paper Stock

A.C.N. 114 312 542

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