Wellcom Group Limited

A.C.N. 114 312 542

Financial report for the year ended 30 June 2010

Annual financial report for the financial year ended 30 June 2010

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 August 2007 ASX *Principles of Good Corporate Governance and Best Practice 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 which 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 responsibilities of a nomination committee, including the composition of the board, including appointment and retirement or removal of directors and succession planning;
- 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.

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.

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 last 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 the 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 matters 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 the importance of a strategic relationship, competitive landscape, nature of the relationship and the contractual or other arrangements governing it and other factors that indicate the ability of the director in question to shape the direction of the Group's loyalty.

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 four (4) 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 whom 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 at least one third of all directors, being the longest serving directors, retire at each annual general meeting of the Company. All directors, excluding the 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	5 years
C.A. Anzarut	5 years
K.B. Smith	4 years
A.J. Brook	1 year

Executive Chairman

The Executive Chairman of the board 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.

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 Executive 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 which 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 which is consistent with the principles of respect for others and fairness.

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 should not use their role with the Company for political interests at any time.

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 entity, 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 three (3) 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. A 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 Good 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 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 rotate 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.

Principle 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 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 Executive Chairman or a person authorised by the Executive 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 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.

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

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;
- that the above statement is founded on a sound system of risk management, internal compliance and control 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 Executive Chairman and executive management.

There has been two (2) Remuneration Committee meetings held during the year. Details of directors' attendance at these committee meetings are 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 Council Best Practice Recommendations & Disclosures –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) Best practice recommends that the role of Chairman be an independent director.

b) The Audit Committee consists of 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.

These exceptions listed above were for the whole of the financial year. The exceptions are 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 it responsibilities in regards to succession planning and board experience as the Company grows and expands its operations.

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 2010.

DIRECTORS

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

W.W. Sidwell (Executive Chairman)

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 forty (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 practicing 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.

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 also been a director of listed company SMS Management & Technology Limited since 20 December 2004.

A.J Brook (Chief Executive Officer)

Amanda Brook joined the Board of Wellcom Group Limited in February 2010. Amanda is a member of the Australian Institute of Company Directors, holds a Bachelor of Arts and Graduate Diploma of Business and is a Certified Practicing Marketer with the Australian Marketing Institute.

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 twenty (20) years experience in the manufacturing, software and pre-media industries. He is an associate of CPA Australia.

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*
A.J. Brook	-
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:

	2010 **$'000**	2009 $'000
Final dividend for the year ended 30 June 2009 of 6 cents per fully paid ordinary share paid on 23 September 2009 (2008: 7 cents)	**2,351**	2,743
Interim dividend for the half year ended 31 December 2009 of 6 cents per fully paid ordinary share paid on 15 April 2010 (2009: 6 cents)	**2,351**	2,351
	4,702	5,094

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 2010 of 8 cents per fully paid ordinary share. The dividend was declared on 19 August 2010, with a record date of 3 September 2010, to be paid on 17 September 2010 out of retained profits at 30 June 2010. 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
- Data and Facilities Management
- Digital Photography
- Television Production
- Digital Print
- Computer to Plate (CTP) Production, and

The provision of web offset printing services in Australia.

OPERATING AND FINANCIAL REVIEW

Overview

Wellcom Group Limited has experienced strong earnings growth in the Australasian pre-media operations. The positive Australasian growth has, however, been offset in the current year by a deterioration in revenues from the Group's UK pre-media division due to poor economic conditions in the UK, though an improvement in has been evidenced in the second half of the year. The Group's strong client base, together with new business not fully reflected in the results for the year ended 30 June 2010, is expected to provide the basis for growth in the next financial year.

Operating results for the year

Operating sales revenue was $80.85m (2009: $78.53m), an increase of 3% (2009: 1%) over the previous financial year.

EBITDA increased by 6% to $14.3m (2009: $13.5m) with EBIT increasing by 7% to $11.0m (2009: $10.3m).

NPAT attributable to the owners of the Group increased by 14% to $7.66m (2009: $6.70m). The effective tax rate was 26% (2009: 28%).

Shareholder returns
The Company has increased its payout ratio to shareholders.

Our financial measures for the year are:

	2010	2009
Basic earnings per share (cents)	**19.55**	17.09
Earnings per share excluding intangible amortisation (cents)	**19.63**	17.56
Return on net assets (%)	**14.98**	13.67
Return on net assets excluding goodwill & intangibles (%)	**38.52**	39.23
Dividend payout ratio (%)	**71.62**	70.21

Liquidity and financial condition

The Company has registered a strong improvement in net operational cash flow which, at $11.1m, represents a 44% increase over the previous financial year. Over the course of the year Wellcom has moved to a position of no material net debt from a net debt position of approximately $4.76m. Year end gearing (net debt : equity) of 0.3% (2009: 9.7%) provides flexibility to pursue opportunities that may arise. Free cash flow (operating cash flow, plus joint venture dividends, less property, plant and equipment capital expenditure) has increased $8.75m (2009: $7.12m). The Group has $13.2m of unused facilities as at 30 June 2010 (2009: $18.9m), the decrease reflecting a reduction in the Group's overall facilities to $18.4m (2009: $26.9m) to align facilities with current capital requirements.

Profile of debts
The Group's debt finance at the end of the financial year is as follows:

	2010	2009
	$'000	$'000
Current		
Bank overdraft	**-**	916
Obligations under finance lease	**88**	107
Obligations under hire purchase contract	**636**	954
Commercial Bills	**-**	989
Other loans	**614**	107
	1,338	3,073
Non Current		
Obligations under hire purchase contract	**3,120**	3,744
Other loans	**408**	522
	3,528	4,266
Total	**4,866**	7,339

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.

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 2010 financial year on 19 August 2010. The total amount of the dividend is $3.135m which represents a fully franked dividend of 8 cents per share. The dividend has not been provided for in the 30 June 2010 financial statements.

On 2 August 2010 interests associated with Wayne Sidwell, Executive Chairman of Wellcom Group Ltd, made an offer to purchase the Group's 50% shareholding in Kinkaid Pty Ltd (trading as Cadillac Printing). The board unanimously agreed to accept this offer, subject to the approval of shareholders and compliance with the Corporations Act and the ASX Listing Rules. Further information with respect to the divestment has been included within note 32 of the consolidated financial statements.

No other matter or circumstance has arisen since 30 June 2010 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.

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.

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 $39,677 (2009: $39,612) to insure the directors and secretary of the Company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group.

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 2010 and 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	3	3	2	2
C.A. Anzarut	10	10	3	3	2	2
K.B. Smith	10	10	3	3	^	^
A.J. Brook *	3	3	^	^	^	^

* Joined the board in February 2010
^ 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 Wellcom Group Limited (the Company) and the consolidated group (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 ensure retention of high calibre executives
- Reasonableness, fairness and consideration of market guidelines
- Appropriateness of performance criteria linked to variable executive remuneration
- Established relationship between executive rewards and increased shareholder value
- Transparency and shareholder approval of compensation arrangements

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.

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 period, 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 2010 and 30 June 2009 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 shareholder returns.

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.

The key management personnel of Wellcom Group Limited and of the consolidated group were the directors and those executives that report directly to the Chief Executive Officer being:

W.W. Sidwell, Executive Chairman
A.J. Brook, Chief Executive Officer and Executive Director *(appointed February 2010)*
S. Rees, Chief Operating Officer
L.J. Graham, Company Secretary and Chief Financial Officer
M. Bettridge, General Manager, Asia
M. Parker, General Manager, Victoria
J. Keene, Managing Director, United Kingdom *(resigned June 2010)*
C. Bevan, General Manager, New South Wales

The above noted personnel include the 5 highest remunerated personnel within the Group and/or Company.

Details of the remuneration of key management personnel and other executives of the Company and Group for the year ended 30 June 2010 are set out in the table below (Table 1).

Table 1

	Short-term employee benefits			Post employment benefits	Long-term benefits		
Name	**Cash salary $**	**Bonus $**	**Non-cash benefits $**	**Super-annuation $**	**Long service leave $**	**Bonus $**	**Total $**
Non-executive directors							
C.A. Anzarut	68,807	-	-	6,193	-	-	75,000
K.B. Smith	64,220	-	-	5,780	-	-	70,000
Sub-total non-executive directors	**133,027**	-	-	**11,973**	-	-	**145,000**
Executive directors							
W.W. Sidwell^#	262,008	-	27,695	50,000	4,797	-	344,500
A.J. Brook^#**	166,667	103,500	-	6,026	127	43,125	319,445
Other key management personnel							
S. Rees^#	185,677	40,000	-	14,323	3,988	-	243,988
L.J. Graham^#	218,989	40,000	-	14,342	361	-	273,692
M. Bettridge^	225,718	-	-	14,282	3,822	-	243,822
M. Parker	163,811	40,000	21,576	14,613	2,568	-	242,568
J. Keene#*	207,558	-	21,099	19,972	-	-	248,629
C. Bevan	169,286	-	13,882	14,330	5,167	-	202,665
Total key management personnel compensation	**1,732,741**	**223,500**	**84,252**	**159,861**	**20,830**	**43,125**	**2,264,309**

^ Denotes one of the five (5) highest paid executives of the Company, as required by the *Corporations Act 2001*.
# Denotes one of the five (5) highest paid executives of the Group, as required by the *Corporations Act 2001*.
***** Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2010.
** Commenced with the Company on 1 February 2010.

Details of the remuneration of key management personnel and other executives of the Company and Group for the year ended 30 June 2009 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 $**
Non-executive directors						
C.A. Anzarut	68,807	-	-	6,193	-	75,000
K.B. Smith	20,000	-	-	50,000	-	70,000
Sub-total non-executive directors	**88,807**	-	-	**56,193**	-	**145,000**
Executive directors						
W.W. Sidwell^#	185,532	-	64,468	100,000	11,262	361,262
Other key management personnel						
S. Rees^#	172,444	40,000	-	27,562	4,730	244,736
L.J. Graham^#	185,108	40,000	-	14,890	654	240,652
M. Bettridge^#	203,880	40,000	22,481	13,644	15,135	295,140
M. Parker^	154,530	40,000	31,913	13,502	5,129	245,074
J. Keene#*	247,463	-	23,686	24,746	-	295,895
C. Bevan	130,009	34,000	24,959	11,700	4,537	205,205
Total key management personnel compensation	**1,367,773**	**194,000**	**167,507**	**262,237**	**41,447**	**2,032,964**

^ Denotes one of the five (5) highest paid executives of the Company, as required by the *Corporations Act 2001*.
# Denotes one of the five (5) highest paid executives of the Group, as required by the *Corporations Act 2001*.
***** Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2010.

Employment contracts

W.W. Sidwell
The Executive Chairman, Mr Sidwell is employed under contract by Wellcom Group Limited. The current employment contract commenced on 1 February 2010 and terminates on 30 June 2013 at which time the Company may chose to commence negotiations to enter into a new contract with Mr Sidwell.

- Mr Sidwell receives fixed remuneration of $240,000 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 2010 and 30 June 2009 are included below.

Year ended 30 June 2010

Chief Executive Officer – Amanda Brook
The Chief Executive Officer is entitled to the following:

- A short-term incentive not exceeding 60% of the total remuneration package as at the beginning of the financial period. This is calculated on the achievement of several performance criteria based on quantative and qualitative measures connected to group performance, strategy and planning. The amount payable for the year ended 30 June 2010 has been calculated on a pro-rata basis from the date on which the Chief Executive Officer joined the Group.
- A long-term incentive not exceeding 25% of the total remuneration package as at the beginning of the financial period. This is based on the achievement of targets in respect to the financial performance of the Australia/NZ business units. The amount payable for the year ended 30 June 2010 has been calculated on a pro-rata basis from the date on which the Chief Executive Officer joined the Group.
- The incentives 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.

Other key management personnel
All other key management personnel shall be entitled to the following:

- An amount not exceeding 40% of their total remuneration package as at the beginning of the financial period. 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 quantative 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 2010:

Year ended 30 June 2010	**Remuneration package 1 July 2010**	**Performance criteria 1**	**Performance criteria 2**	**Performance criteria 3**	**Total incentive paid**
Key management personnel					
A.J. Brook *	$414,000	-	$43,125	$103,500	$146,625
S. Rees	$200,000	-	$40,000	-	$40,000
L.J. Graham	$240,000	-	-	$40,000	$40,000
M. Bettridge	$240,000	-	-	-	-
M. Parker	$200,000	-	$40,000	-	$40,000
C. Bevan	$200,000	-	-	-	-
	$1,494,000	**-**	**$123,125**	**$143,500**	**$266,625**

***** Commenced with the Company on the 1 February 2010.

Year ended 30 June 2009

- Key management personnel shall be entitled to an amount not exceeding 30% of their total remuneration package as at the beginning of the financial year. 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) the performance of associated businesses.
- 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 2009:

Year ended 30 June 2009	**Remuneration package 1 July 2009**	**Performance criteria 1**	**Performance criteria 2**	**Performance criteria 3**	**Total incentive paid**
Key management personnel					
S. Rees	200,000	-	40,000	-	40,000
L.J. Graham	200,000	-	-	40,000	40,000
M. Bettridge	240,000	-	-	40,000	40,000
M. Parker	200,000	-	40,000	-	40,000
J. Keene *	297,360	-	-	-	-
C. Bevan	170,000	-	34,000	-	34,000
	1,307,360	**-**	**114,000**	**80,000**	**194,000**

***** Remuneration package at 1 July 2009 of £143,500 translated at the UK exchange rate prevailing on that date.

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 29 to the financial statements.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is included on page 21 of the financial report.

NON-AUDIT SERVICES

The Group's auditor, HLB Mann Judd, provided taxation advice in connection to the establishment of Wellcom Group's Singapore operations during the year (refer to Note 6). 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.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

W.W Sidwell
Director
Melbourne, 19 August 2010

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration to the Directors of Wellcom Group Limited

In relation to our audit of the financial report of Wellcom Group Limited ("Wellcom") for the financial year ended 30 June 2010 ("the audit"), I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the audit; and

b) no contraventions of 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 period.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

David Nairn
Partner

Melbourne
19 August 2010

HLB Mann Judd (VIC Partnership)
Level 1 160 Queen Street Melbourne VIC 3000 | GPO Box 2850 Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800
Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

HLB Mann Judd
Accountants | Business and Financial Advisers

WELLCOM GROUP LIMITED
INDEPENDENT AUDITORS REPORT

Report on the Financial Report

We have audited the accompanying financial report of Wellcom Group Limited and Controlled Entities, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 2(b), the directors also state, in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising of the financial report and notes 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. These Auditing 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.

HLB Mann Judd (VIC Partnership)
Level 1 160 Queen Street Melbourne VIC 3000 | GPO Box 2850 Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800
Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

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

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 and Controlled Entities 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 2010 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2010.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 2010 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

DAVID NAIRN
Partner

Melbourne
19 August 2010

Directors' Declaration

In the directors opinion:

(a) the financial statements and notes set out on pages 25 to 75 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 2010 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(b) 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, 19 August 2009

Consolidated Statement of Comprehensive Income for the financial year ended 30 June 2010

	Note	2010 $'000	2009 $'000
Revenue	3(a)	**80,846**	78,531
Cost of sales		**(30,661)**	(27,240)
Gross Profit		**50,185**	51,291
Other income	3(b)	**1,924**	490
Share of profits of jointly controlled entities accounted for using the equity method	10	**1,011**	938
Marketing expenses		**(233)**	(309)
Occupancy expenses		**(4,622)**	(4,599)
Employee benefits expense	3(c)	**(30,026)**	(30,465)
Depreciation, amortisation & impairment	3(d)	**(3,317)**	(3,237)
Finance costs	3(e)	**(653)**	(944)
Consulting expenses		**(204)**	(116)
Other expenses		**(3,642)**	(3,613)
Profit from continuing operations before income tax expense		**10,423**	9,436
Income tax expense	4(a)	**(2,761)**	(2,614)
Profit from continuing operations after income tax expense		**7,662**	6,822
Other comprehensive income			
Foreign currency translation		**(820)**	58
Other comprehensive (loss)/income for the year, net of tax		**(820)**	58
Total comprehensive income for the year		**6,842**	6,880
Profit for the year is attributable to:			
Owners of Wellcom Group Limited		**7,661**	6,697
Non-controlling interest		**1**	125
		7,662	6,822
Total comprehensive income for the year is attributable to:			
Owners of Wellcom Group Limited		**6,841**	6,755
Non-controlling interest		**1**	125
		6,842	6,880
Earnings per share:			
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of parent:			
Basic (cents per share)		19.55	17.09
Diluted (cents per share)		19.55	17.09
Earnings per share from profit attributable to the ordinary equity holders of the parent			
Basic (cents per share)		19.55	17.09
Diluted (cents per share)		19.55	17.09

Notes to the consolidated financial statements are included on pages 29 to 75.

Consolidated Statement of Financial Position as at 30 June 2010

	Note	2010 $'000	2009 $'000
Current assets			
Cash and cash equivalents	5(a)	**4,695**	2,584
Trade and other receivables	7	**12,453**	12,023
Current tax assets	4(b)	**-**	322
Inventories	8	**2,840**	3,692
Other current assets	9	**908**	861
Total current assets		**20,896**	19,482
Non-current assets			
Investments accounted for using the equity method	10	**3,523**	4,013
Property, plant and equipment	11	**10,608**	10,512
Deferred tax assets	4(c)	**1,748**	1,669
Goodwill	12	**31,249**	31,895
Other intangible assets	13	**-**	32
Other non-current assets	14	**138**	561
Total non-current assets		**47,266**	48,682
Total assets		**68,162**	68,164
Current liabilities			
Trade and other payables	15	**6,973**	6,195
Deferred revenue	16	**-**	639
Short term borrowings	17	**1,338**	3,073
Current tax payables	4(b)	**955**	849
Provisions	18	**3,076**	3,169
Total current liabilities		**12,342**	13,925
Non-current liabilities			
Long term borrowings	19	**3,528**	4,266
Deferred tax liabilities	4(c)	**467**	644
Provisions	20	**689**	333
Total non-current liabilities		**4,684**	5,243
Total liabilities		**17,026**	19,168
Net assets		**51,136**	48,996
Equity			
Contributed equity	21	**38,355**	38,355
Retained earnings and reserves	22	**11,412**	9,273
Parent interests		**49,767**	47,628
Minority interest		**1,369**	1,368
Total equity		**51,136**	48,996

Notes to the consolidated financial statements are included on pages 29 to 75.

Consolidated Statement of Changes in Equity for the financial year ended 30 June 2010

	Note	Contributed equity $'000	Reserves $'000	Retained Earnings $'000	Owners of the parent $'000	Non-controlling interest $'000	Total Equity $'000
At 1 July, 2009		**38,355**	**(942)**	**10,215**	**47,628**	**1,368**	**48,996**
Profit for the period		-	-	7,661	7,661	1	7,662
Other comprehensive income for the period		-	(820)	-	(820)	-	(820)
Total comprehensive income for the period		**-**	**(820)**	**7,661**	**6,841**	**1**	**6,842**
Transactions with owners in their capacity as owners:							
Dividends paid	24	-	-	(4,702)	(4,702)	-	(4,702)
At 30 June, 2010		**38,355**	**(1,762)**	**13,174**	**49,767**	**1,369**	**51,136**

	Note	Contributed equity $'000	Reserves $'000	Retained Earnings $'000	Owners of the parent $'000	Non-controlling interest $'000	Total Equity $'000
At 1 July, 2008		**38,355**	**(1,000)**	**8,612**	**45,967**	**1,243**	**47,210**
Profit for the period		-	-	6,697	6,697	125	6,822
Other comprehensive income for the period		-	58	-	58	-	58
Total comprehensive income for the period		**-**	**58**	**6,697**	**6,755**	**125**	**6,880**
Transactions with owners in their capacity as owners:							
Dividends paid	24	-	-	(5,094)	(5,094)	-	(5,094)
At 30 June, 2009		**38,355**	**(942)**	**10,215**	**47,628**	**1,368**	**48,996**

Notes to the consolidated financial statements are included on pages 29 to 75.

Consolidated Statement of Cash Flows for the financial year ended 30 June 2010

	Note	2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers		**89,339**	87,251
Payments to suppliers and employees		**(76,556)**	(75,581)
Insurance recovery		**1,520**	-
Income tax paid		**(2,589)**	(3,028)
Interest and other costs of finance paid		**(653)**	(944)
Net cash provided by operating activities	5(c)	**11,061**	7,698
Cash flows from investing activities			
Interest received		**93**	129
Dividends received		**1,500**	750
Proceeds from sale of property, plant and equipment		**448**	77
Payment for property, plant and equipment		**(3,816)**	(1,331)
Net cash used in investing activities		**(1,775)**	(375)
Cash flows from financing activities			
Proceeds from borrowings		**1,000**	9,029
Repayment of borrowings		**(2,951)**	(12,728)
Related party loans		**394**	(100)
Dividends paid		**(4,702)**	(5,094)
Net cash used in financing activities		**(6,259)**	(8,893)
Net increase/(decrease) in cash and cash equivalents		**3,027**	(1,570)
Cash and cash equivalents at the beginning of the year		**1,668**	3,238
Cash and cash equivalents at the end of the year	5(b)	**4,695**	1,668

Notes to the financial statements are included on pages 29 to 75.

Notes to the Consolidated Financial Statements for the financial year ended 30 June 2010

1. Corporate information

The financial report of Wellcom Group Limited (the Group or consolidated entity) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 19 August 2010.

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 includes the financial statements for Wellcom Group Limited 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, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which this class order applies.

b) Statement of compliance

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

c) Basis of consolidation

(i) Subsidiaries
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. Subsidiaries comprise Wellcom Moving Images Pty Ltd, Kinkaid Pty Ltd, Keene Repro Ltd and Wellcom Group Pte Ltd.

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

Kinkaid Pty Ltd (trading as Cadillac Printing) is 50% owned by Wellcom Group Limited. Accordingly, there are non-controlling interests accounted for in the consolidated financial report. The consolidated financial statements include the results of Cadillac Printing for the entire financial year. The financial statements of the subsidiary have been prepared using consistent accounting policies.

Keene Repro Ltd is 100% owned by Wellcom Group Limited. The consolidated financial statements include the results of Keene Repro Limited 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 from the date of incorporation (refer to note 30). The financial statements of the subsidiary have been prepared using consistent accounting policies.

2. Summary of significant accounting policies (continued)

c) Basis of consolidation (continued)

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.

Non-controlling interests not held by the Group are allocated their share of net profit after tax in the consolidated statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

(ii) Joint ventures
The Group has a 50% interest in iPrint Corporate Pty Ltd, a joint venture between the Wellcom Group Limited and Australian Postal Corporation. The joint venture is accounted for using the equity method of accounting in the consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture. The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture.

Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the joint venture.

The reporting dates of the joint venture and the Group are identical and the joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

d) 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 do 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.

2. Summary of significant accounting policies (continued)

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

(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 12.

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.

e) 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 entity 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 on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividends

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

f) 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 statement of comprehensive income 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 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

g) 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).

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions and 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 statement of financial position. For the purpose of the cash flow statement cash and cash equivalents consist of cash and cash equivalents as defined above.

i) 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 rate 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.

j) 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".

2. Summary of significant accounting policies (continued)

j) Investments and other financial assets (continued)

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.

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 12 months after reporting date, which are classified as non-current.

k) 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 statement of financial position.

l) 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.

m) 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 statement of comprehensive income, except when they are attributable to part of the net investment in a foreign operation.

2. Summary of significant accounting policies (continued)

m) Foreign currency translation (continued)

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 equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(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.

n) 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 statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

o) 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 if 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.

2. Summary of significant accounting policies (continued)

o) Intangible assets (continued)

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.

The Group has identified the following intangible assets, all assessed as having a finite useful life:

- Customer list 5 Years
- Customer contracts 5 Years
- Software database 3 Years

These intangible assets are amortised over the period of expected future sales from the related customer/project.

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.

p) Goodwill

Goodwill acquired in a business combination is initially measured at cost, representing the excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. 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. Each unit or group of units to which the goodwill is allocated includes:

- Australasia pre-media and related services cash generating unit;
- Australasia web print cash generating unit;
- United Kingdom pre-media and related services cash generating unit.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (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 both the pre-media and web print 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 (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 (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.

2. Summary of significant accounting policies (continued)

q) 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 post-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.

r) Income tax

Current income tax

Current income tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current income tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2. Summary of significant accounting policies (continued)

r) Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred income tax for the period

Current and deferred income tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

s) 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.

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 statement of comprehensive income 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.

t) 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.

2. Summary of significant accounting policies (continued)

u) 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 or other re-valued amount 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 method is 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 & 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.

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.

v) 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 exceed 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.

2. Summary of significant accounting policies (continued)

w) 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.

Change in accounting policy
The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any changes to the reportable segments presented.

x) 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 issues 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 acquire 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 acquire and the acquisition-date fair value of any previous equity interest in the acquire 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 statement of comprehensive income 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.

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 statement of comprehensive income.

Change in accounting policy
A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through the statement of comprehensive income. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised as its share of the acquiree's net identifiable assets.

2. Summary of significant accounting policies (continued)

x) Business combinations (continued)

If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

The changes were implemented prospectively from 1 July 2009.

y) 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.

z) 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.

aa) 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.

ab) 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.

ac) 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.

2. Summary of significant accounting policies (continued)

ad) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 ***Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2]*** (effective from 1 January 2010)
The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group shared-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group shared-based payment arrangement should be measured, that is, whether it is measured as equity- or a cash settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group's or the parent entity's financial statements.

AASB 2009-10 ***Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]*** (effective from 1 February 2010)
In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's financial statements.

AASB 9 ***Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9*** (effective from 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it is not likely to affect the Group's accounting for its financial assets.

Revised AASB 124 ***Related Party Disclosures*** **and AASB 2009-12** ***Amendments to Australian Accounting Standards*** (effective from 1 January 2011)
In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates.

AASB Interpretation 19 ***Extinguishing financial liabilities with equity instruments*** **and AASB 2009-13** ***Amendments to Australian Accounting Standards arising from Interpretation 19*** (effective from 1 July 2010)
AASB interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group or the parent entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

3. Profit from operations

	2010	2009
	$'000	$'000
Revenue and expenses from continuing operations		
(a) Revenue		
Revenue from the rendering of services	**80,846**	78,531
	80,846	78,531
(b) Other income		
Interest revenue (bank deposits)	**93**	129
Rental revenue	**220**	240
Net gains on disposal of property, plant & equipment	**91**	29
Insurance recovery (refer to note 3(d))	**1,520**	-
Other	**-**	92
	1,924	490
	82,770	79,021
(c) Employee benefits expense		
Salaries and wages	**29,796**	30,244
Fringe benefits tax	**135**	119
Staff amenities	**95**	102
	30,026	30,465
(d) Depreciation, amortisation & impairment		
Depreciation of non-current assets	**2,934**	3,052
Amortisation of non–current assets	**32**	185
Impairment of non-current assets	**351**	**-**
	3,317	**3,237**

A storm in Melbourne in March 2010 damaged the building leased by the digital printing division of the Group and resulted in equipment and inventories stored in the building being destroyed and a subsequent impairment charge of $351k. An insurance recovery of $1,519,879 has been recognised as other income (refer to note 3(b)).

	2010	2009
(e) Finance costs		
Interest on commercial bills	**14**	177
Other interest expense	**547**	660
Other finance costs	**92**	107
	653	944
(f) Rental expenses relating to operating lease		
Minimum lease payments	**2,841**	2,772
	2,841	2,772
(g) Net foreign exchange (losses)/gains	**(5)**	21
(h) Bad and doubtful debts	**33**	28

4. Income taxes

	2010	2009
	$’000	$’000
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current income tax expense	**3,008**	2,565
Deferred income tax expense/(income) relating to the origination and reversal of temporary differences	**(256)**	40
Current income charge in respect of previous years	**9**	9
Total income tax expense	**2,761**	2,614
Attributable to:		
Continuing operations	**2,761**	2,614

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:

Profit from continuing operations	**10,423**	9,436
Income tax expense calculated at 30% (2009: 30%)	**3,127**	2,831
Non-deductible expenses	**14**	51
Other deductible expenses	**(60)**	(91)
Differences in overseas tax rates	**51**	16
Previously unrecognised tax losses used to reduce deferred tax expense	**(10)**	(29)
(Over)/under provided in prior periods	**(71)**	9
Non-assessable income	**(450)**	(225)
Change in unrecognised temporary differences	**160**	52
	2,761	2,614

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.

4. Income taxes (continued)

	2010 $'000	2009 $'000
(b) Current tax assets and liabilities		
Current tax assets	**-**	322
Current tax liabilities	**955**	849
(c) Deferred tax balances		
Deferred tax assets comprise:		
Temporary differences	**1,748**	1,669
	1,748	1,669
Deferred tax liabilities comprise:		
Temporary differences	**467**	644
	467	644

2010

	Opening balance $'000	Charged to Income $'000	Closing balance $'000
Gross deferred tax assets:			
Doubtful debts	72	(10)	62
Provisions	936	84	1,020
Accruals	129	6	135
Share issue costs	72	(72)	-
Lease incentive	32	(14)	18
Property, plant and equipment	-	37	37
Tax losses	428	48	476
	1,669	**79**	**1,748**
Gross deferred tax liabilities:			
Property, plant and equipment	391	(4)	387
Intangible assets	8	(8)	-
Doubtful debts	22	(9)	13
Provisions	2	(2)	-
Investments in associates	214	(147)	67
Leased assets	7	(7)	-
	644	**(177)**	**467**

4. Income taxes (continued)

2009

	Opening balance $'000	Charged to Income $'000	Closing balance $'000
Gross deferred tax assets:			
Doubtful debts	83	(11)	72
Provisions	869	65	936
Intangible assets	1	(1)	-
Accruals	65	64	129
Share issue costs	143	(71)	72
Lease liabilities	14	(14)	-
Lease incentive	38	(6)	32
Property, plant and equipment	59	(59)	-
Tax losses	401	29	428
	1,673	**(4)**	**1,669**
Gross deferred tax liabilities:			
Property, plant and equipment	339	52	391
Intangible assets	61	(53)	8
Interest receivable	2	(2)	-
Doubtful debts	12	10	22
Provisions	9	(7)	2
Investments in associates	158	56	214
Leased assets	27	(20)	7
	608	**36**	**644**

5. Cash and cash equivalents

	2010	2009
	$'000	$'000
a) Cash and cash equivalents		
Cash on hand	**9**	10
Cash at bank	**2,186**	2,574
Cash on deposit	**2,500**	-
Total cash and cash equivalents	**4,695**	2,584

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 2010 is 5.45% (2009: Nil). 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 to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above	**4,695**	2,584
Bank overdraft (note 17)	**-**	(916)
Balances per cash flow statement	**4,695**	1,668

5. Cash and cash equivalents (continued)

	2010	2009
	$'000	$'000

c) 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:

	2010 $'000	2009 $'000
Net profit after income tax	**7,662**	6,822
Adjustments for non-cash income and expense items		
Depreciation of non-current assets	**2,934**	3,052
Amortisation of intangible assets	**32**	185
Impairment of non-current assets	**351**	-
Profit on disposal of non-current assets	**(91)**	(29)
Share of jointly controlled entity's profit	**(1,011)**	(938)
Interest income received and receivable	**(93)**	(129)
Net exchange difference	**(741)**	78
Increase/decrease in assets/liabilities		
Trade and other receivables	**(430)**	1,047
Inventories	**852**	982
Other current assets	**(47)**	(257)
Other non-current assets	**1,069**	(510)
Trade and other payables	**139**	(2,246)
Income tax payable	**428**	(454)
Deferred tax balances	**(256)**	40
Provisions (employee entitlements)	**263**	55
Net cash from operating activities	**11,061**	7,698

d) Financing activities

Secured bank finance facilities subject to annual review:

	2010 $'000	2009 $'000
- amount used	**5,192**	8,027
- amount unused	**13,203**	18,868
	18,395	26,895

6. Remuneration of auditors

	2010 $'000	2009 $'000
(a) Auditor services		
HLB Mann Judd:		
Audit and review of the financial reports	**106**	81
HLB Mann Judd related practices:		
Audit and review of the financial reports	**-**	5
Other Auditors:		
Audit and review of the financial reports	**33**	70
Total remuneration for audit services	**139**	156
(b) Other services		
HLB Mann Judd:		
Taxation services	**14**	5
HLB Mann Judd related practices:		
Taxation services	**-**	2
Other Auditors:		
Taxation services	**15**	2
Total remuneration for non-audit services	**29**	9

7. Current trade and other receivables

	2010	2009
	$'000	$'000
Trade receivables	**11,981**	12,269
Allowance for doubtful debts	**(263)**	(318)
	11,718	11,951
Sundry debtors	**714**	72
Interest income receivable	**21**	-
	12,453	12,023

Trade receivables are non-interest bearing and have average credit periods of thirty (30) to ninety days (90). 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 25.

8. Current inventories

	2010	2009
	$'000	$'000
Raw materials at cost	**2,005**	3,130
Work in progress	**835**	562
	2,840	3,692

9. Other current assets

	2010	2009
	$'000	$'000
Prepayments	**908**	861
	908	861

10. Investments accounted for using the equity method

	2010	2009
	$'000	$'000
Investments in jointly controlled entities	**3,523**	4,013
	3,523	4,013
Financial information of jointly controlled entities		
Current assets	**10,379**	11,834
Non-current assets	**170**	177
	10,549	12,011
Current liabilities	**8,311**	8,776
Non-current liabilities	**6**	25
	8,317	8,801
Jointly controlled entity's net assets	**2,232**	3,210
Income	**44,768**	48,729
Expenses	**(41,880)**	(46,049)
Jointly controlled entity's profit before tax	**2,888**	2,680
Income tax expense	**(866)**	(805)
Jointly controlled entity's net profit after tax	**2,022**	1,875
Share of jointly controlled entity's net profit after tax attributable to the consolidated entity	**1,011**	938

Details of jointly controlled entity:

The jointly controlled entity referred to in this financial report is: iPrint Corporate Pty Ltd (ACN 098 352 875)
The Company holds a 50% shareholding in iPrint Corporate Pty Ltd. iPrint Corporate Pty Ltd was incorporated in Australia on 5 October 2001 and operates a print management business.

Dividends received from jointly controlled entity

The Group received total dividends of $1,500,000 (2009: $750,000) during the financial year from its jointly controlled entity. A fully franked interim dividend of $750,000 was received on 12 November 2009. A fully franked final dividend of $750,000 was received on 12 March 2010.

11. Property, plant and equipment

	Plant and equipment $'000	Leashold improvements $'000	Furniture and fittings $'000	Equipment under finance lease $'000	Total $'000
At 1 July 2008					
At cost	11,159	1,522	613	6,532	**19,826**
Accumulated depreciation	(6,103)	(578)	(221)	(623)	**(7,525)**
Net book amount	**5,056**	**944**	**392**	**5,909**	**12,301**
Year ended 30 June 2009					
Opening net book amount	5,056	944	392	5,909	**12,301**
Additions	998	226	97	10	**1,331**
Disposals	(34)	(13)	(1)	-	**(48)**
Depreciation charge	(2,218)	(287)	(130)	(417)	**(3,052)**
Exchange differences	(17)	(1)	(2)	-	**(20)**
Closing net book amount	**3,785**	**869**	**356**	**5,502**	**10,512**
At 30 June 2009					
At cost	16,702	1,786	828	6,644	**25,960**
Accumulated depreciation	(12,917)	(917)	(472)	(1,142)	**(15,448)**
Net book amount	**3,785**	**869**	**356**	**5,502**	**10,512**
Year ended 30 June 2010					
Opening net book amount	3,785	869	356	5,502	**10,512**
Additions	3,643	104	27	42	**3,816**
Disposals	(295)	(34)	(1)	(26)	**(356)**
Depreciation charge	(2,183)	(283)	(118)	(350)	**(2,934)**
Impairment loss (note (a))	(351)	-	-	-	**(351)**
Exchange differences	(51)	(9)	(19)	-	**(79)**
Closing net book amount	**4,548**	**647**	**245**	**5,168**	**10,608**
At 30 June 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**

a) Impairment loss and compensation

The impairment loss relates to the assets that were damaged in the storm (refer to note 3).

12. Goodwill

	2010 $'000	2009 $'000
At the beginning of the financial year		
Cost	**32,032**	32,083
Accumulated impairment losses	**(137)**	(137)
Net book amount	**31,895**	31,946
During the financial year		
Opening net book amount	**31,895**	31,946
Exchange differences	**(646)**	(51)
Closing net book amount	**31,249**	31,895
At the end of the financial year		
Cost	**31,386**	32,032
Accumulated impairment losses	**(137)**	(137)
Net book amount	**31,249**	31,895

a) Impairment testing of goodwill

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

Pre-media and related services – Australasia	**25,939**	25,939
Pre media and related services – United Kingdom	**3,883**	4,529
Web print – Australasia	**1,427**	1,427
Total Goodwill	**31,249**	31,895

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 the 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 ****	
	2010 %	2009 %	**2010 %**	2009 %
Pre-media and related services – Australasia	**5.0**	5.0	**15.8**	14.7
Pre media and related services – United Kingdom	**5.0**	5.0	**12.3**	15.4
Web print – Australasia	**3.0**	3.0	**11.7**	12.6

* 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 post-tax discount rates to post-tax cash flows. The equivalent pre-tax discount rates are disclosed above.

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. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

12. Goodwill (continued)

c) Impact of possible changes in key assumptions

There are no reasonable changes in the key assumptions that would cause the CGU's carrying amount to exceed its recoverable amount.

13. Other intangible assets

	Customer list $'000	Customer contracts $'000	Software database $'000	Other $'000	Total $'000
At 1 July 2008					
Cost	954	820	621	12	**2,407**
Accumulated amortisation and impairment losses	(834)	(743)	(606)	(7)	**(2,190)**
Net book amount	**120**	**77**	**15**	**5**	**217**
Year ended 30 June 2009					
Opening net book amount	120	77	15	5	**217**
Amortisation charge*	(120)	(52)	(10)	(3)	**(185)**
Closing net book amount	**-**	**25**	**5**	**2**	**32**
At 30 June 2009					
Cost	954	820	621	12	**2,407**
Accumulated amortisation and impairment losses	(954)	(795)	(616)	(10)	**(2,375)**
Net book amount	**-**	**25**	**5**	**2**	**32**
Year ended 30 June 2010					
Opening net book amount	-	25	5	2	**32**
Amortisation charge*	-	(25)	(5)	(2)	**(32)**
Closing net book amount	**-**	**-**	**-**	**-**	**-**
At 30 June 2010					
Cost	954	820	621	12	**2,407**
Accumulated amortisation and impairment losses	(954)	(820)	(621)	(12)	**(2,407)**
Net book amount	**-**	**-**	**-**	**-**	**-**

* Amortisation of $32,000 (2009: $185,000) is included in depreciation, amortisation and impairment in the statement of comprehensive income.

14. Other non-current assets

	2010 $'000	2009 $'000
Deposits paid	**138**	561

15. Current trade and other payables

	2010 $'000	2009 $'000
Unsecured		
Trade payables	**4,253**	3,444
Goods and services tax (GST) payable	**632**	624
Other	**2,088**	2,127
	6,973	6,195

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 25.

16. Deferred revenue

	2010 $'000	2009 $'000
Deferred revenue	**-**	639
	-	639

17. Short term borrowings

	2010 $'000	2009 $'000
Secured		
Bank overdraft	**-**	916
Commercial bills (at amortised cost)	**-**	989
Lease incentive and finance lease liabilities (note 26)	**88**	107
Hire purchase liabilities (note 26)	**636**	954
Unsecured		
Other loans*	**614**	107
	1,338	3,073

*Other loans are repayable over a five (5) year period - refer note 29 – Related party disclosures.

The Group's exposure to risks arising from short and long-term borrowings is set out in note 25.

18. Current provisions

	2010 $'000	2009 $'000
Employee benefits	**2,645**	2,795
Provision for makegood (a)	**431**	374
	3,076	3,169

(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	**374**	427
Exchange differences	**(37)**	(3)
Charged/(credited) to the statement of comprehensive income:		
- Additional provisions recognised	**120**	-
- Unused amounts reversed	**(26)**	(50)
Carrying amount at year end	**431**	374

19. Long term borrowings

	2010 $'000	2009 $'000
Secured		
Hire purchase liabilities (note 26)	**3,120**	3,744
Unsecured		
Other loans*	**408**	522
	3,528	4,266

*Other loans are repayable over a five (5) year period - refer note 29 – Related party disclosures.

20. Non-current provisions

	2010 $'000	2009 $'000
Employee benefits	**536**	258
Provision for makegood (a)	**153**	75
	689	333

20. Non-current provisions (continued)

(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

	2010 $'000	2009 $'000
Carrying amount at the beginning of the year	**75**	75
Charged/(credited) to the statement of comprehensive income		
- Additional provisions recognised	**85**	-
- Unwinding of discount	**(7)**	-
Carrying amount at year end	**153**	75

21. Contributed equity

	2010 $'000	2009 $'000
39,190,001 (2009: 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 2010 the return was 14.9 percent (2009: 13.7 percent). In comparison the weighted average interest expense on interest-bearing loans and borrowings (excluding liabilities with imputed interest) was 7.0 percent (2009: 7.4 percent).

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

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 quarterly or twelve month rolling results. The Group has complied with the externally imposed capital requirements during the year.

22. Retained earnings and reserves

	2010 $'000	2009 $'000
a) Reserves		
Foreign currency translation reserve	**(1,762)**	(942)
Movements:		
Foreign currency translation reserve:		
Balance at beginning of financial period	**(942)**	(1,000)
Currency translation differences during the year	**(820)**	58
Balance at end of financial period	**(1,762)**	(942)
b) Retained earnings		
Movements in retained profits were as follows:		
Balance at beginning of financial period	**10,215**	8,612
Net profit attributable to members of the parent	**7,661**	6,697
Dividends paid or provided for (note 24)	**(4,702)**	(5,094)
Balance at end of financial period	**13,174**	10,215

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(m). The reserve is recognised in profit and loss when the net investment is disposed of.

23. Earnings per share

	2010	2009
	Cents	Cents
a) Basic earnings per share		
- from continuing operations	**19.55**	17.09
- from discontinued operations	**-**	-
Total basic earnings per share	**19.55**	17.09
b) Diluted earnings per share		
- from continuing operations	**19.55**	17.09
- from discontinued operations	**-**	-
Total diluted earnings per share	**19.55**	17.09

c) Reconciliations of earnings used in calculating earnings per share	**2010**	2009
	$'000	$'000
Basic earnings per share		
Profit from continuing operations	**7,662**	6,822
Profit from continuing operations attributable to non-controlling interests	**(1)**	(125)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**7,661**	6,697
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**7,661**	6,697
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	**7,661**	6,697

	2010	2009
Weighted number of shares used as the denominator	**No. '000**	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

24. Dividends

	2010 Cents	2010 $'000	2009 Cents	2009 $'000
a) Fully paid ordinary shares				
Final dividend				
Fully franked for the year ended 30 June 2009, Paid 23 September 2009 (2008: 24 September)	**6.0**	**2,351**	7.0	2,743
Interim dividend				
Fully franked for the half year ended 31 December 2009, Paid 15 April 2010 (2009: 9 April 2009)	**6.0**	**2,351**	6.0	2,351
	12.0	**4,702**	13.0	5,094
b) Dividends not recognised at year end				
Final dividend				
Fully franked final dividend for the year ended 30 June 2010, to be paid 17 September 2010 (2009: 23 September 2009)	**8.0**	**3,135**	6.0	2,351
	8.0	**3,135**	6.0	2,351

c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2010 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 2010.

	2010 $'000	2009 $'000
Franking credits available for subsequent years based on a tax rate of 30% (2009: 30%)	**7,282**	5,754

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 $1.34m (2009: $1.01m).

25. 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 income 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 board is also 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 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.

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.

25. 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 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 and investments. 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.

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	**2010 $'000**	2009 $'000
Cash and cash equivalents	5	4,695	2,584
Trade receivables	7	11,718	11,951
Other receivables	7	735	72
		17,148	14,607

The Group's maximum exposure to credit risk at the reporting date was the fair value of trade receivables, which was $11,718k (2009: $11,951k).

Impairment losses

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

	Gross 2010 $'000	**Impairment 2010 $'000**	Gross 2009 $'000	Impairment 2009 $'000
Not past due	**7,404**	**-**	7,237	-
Past due 0-30 days	**3,125**	**-**	3,357	-
Past due 31-120 days	**1,059**	**25**	1,342	34
Past due 121 days to one year	**167**	**36**	333	284
More than one year	**226**	**202**	-	-
	11,981	**263**	12,269	318

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

	2010 $'000	2009 $'000
Opening balance at 1 July	**318**	321
Impairment loss recognised	**28**	23
Receivables written off during the year as uncollectible	**(72)**	(26)
Foreign exchange movement	**(11)**	-
Closing balance at 30 June	**263**	318

25. Financial risk management and instruments (continued)

The creation of the provision for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. 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:

- $6.0 million commercial bill facility;
- $6.63 million hire purchase and lease facility;
- $1.46 million bank guarantee facility;
- $1.0 million secured overdraft facility; and
- $3.3 million sundry cashing facility.

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

Consolidated 2010 ($'000)

Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Unsecured loans	1,022	1,188	92	92	184	820	-
Commercial bill	-	-	-	-	-	-	-
Hire purchase liabilities	3,756	4,189	452	452	3,285	-	-
Trade and other payables	6,976	6,976	6,976	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-

Consolidated 2009 ($'000)

Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Unsecured loans	629	750	74	74	148	443	11
Commercial bill	989	1,000	1,000	-	-	-	-
Hire purchase liabilities	4,698	5,468	529	763	891	3,285	-
Trade and other payables	6,196	6,196	1,196	-	-	-	-
Bank overdraft	916	916	916	-	-	-	-

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 2010 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.

25. 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 which would give rise to any foreign currency risk. The Group considers itself a long term holder of the assets of Keene Repro Limited 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 2010**			30 June 2009	
	GBP	**NZD**	**SGD**	GBP	NZD	SGD
Trade receivables	**1,268**	**116**	**48**	988	83	-
Trade payables	**(247)**	**(65)**	**-**	(222)	(21)	-
Gross exposure	**1,021**	**51**	**48**	766	62	-

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
$1 AUD : 1	**2010**	2009	**2010**	2009
GBP	**0.5588**	0.4849	**0.5682**	0.4873
NZD	**1.2559**	1.2528	**1.2296**	1.2443
SGD	**1.2409**	-	**1.1972**	-

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 2009.

	Equity $'000	**Profit or loss $'000**
30 June 2010		
GBP	**93**	**-**
NZD	**8**	**2**
SGD	**4**	**-**
30 June 2009		
GBP	70	-
NZD	6	6
SGD	-	-

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2010 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.

25. Financial risk management and instruments (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost and its ability to service the cost, using a combination of sensitivity analysis against the underlying cash flows of the revenue generating assets purchased, matching loan terms against the life of the cash generating assets, the available mix of funding options allowing for floating rate facilities to average interest rates and the availability of entering into interest rate swaps and similar products if required.

Profile
At reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	2010	2009
	$'000	$'000
Fixed rate instruments		
Financial assets	**2,500**	-
Financial liabilities	**(4,866)**	(6,423)
	(2,366)	(6,423)
Variable rate instruments		
Financial assets	**2,195**	2,574
Financial liabilities	**-**	(916)
	2,195	1,658

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and does not have derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments
An increase of 100 basis points ('bp') in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Equity	**Profit or loss**
	$'000	**$'000**
30 June 2010		
Variable rate instruments	**28**	**28**
Cash flow sensitivity (net)	**28**	**28**
30 June 2009		
Variable rate instruments	31	31
Cash flow sensitivity (net)	31	31

A decrease of 100 basis points ("bp") in interest rates at the reporting date would have had the equal opposite effect on the above instruments to the amounts shown above, on the basis that all other variables remain constant.

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 is required. The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

26. 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 offices under non-cancellable operating leases expiring within 1 to 8 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:

	2010 $'000	2009 $'000
Within one year	**2,470**	2,979
Later than one year but not later than five	**4,705**	6,954
Later than five years	**2,524**	4,281
	9,699	14,214

ii) Finance lease and hire purchase

The Group finances various plant and equipment under lease or hire purchase finance expiring within one to four years. Under the terms of the leases the Group has the option to acquire the leased assets on expiry of the leases. The finance is predominantly for print and associated plant and equipment.

Commitments in relation to finance are payable as follows:

Within one year	**933**	1,292
Later than one year but not later than five years	**3,285**	4,177
Minimum payments*	**4,218**	5,469
Future finance charges	**(434)**	(771)
Recognised as a liability	**3,784**	4,698
Lease incentives in relation to non-cancellable operating leases included in lease liabilities	**60**	107
Total lease liabilities	**3,844**	4,805
Representing:		
Finance liabilities		
- Current (note 17)	**724**	1,061
- Non-current (note 19)	**3,120**	3,744
	3,844	4,805

*Minimum lease payments includes the aggregate of all lease payments and any guaranteed residual.

27. 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. Three reportable segments have been identified, namely the provision of pre-media services in Australasia, the provision of pre-media services in the United Kingdom, and the provision of web offset printing services in Australasia.

The following table presents revenue, profit, total asset and total liability information for the year ended 30 June 2010.

b) Segment information provided to the Board of Directors

2010	**Pre Media - Aust**	**Pre Media - UK**	**Web Printing**	**Elimination**	**Total continuing operations**
	$’000	**$’000**	**$’000**	**$’000**	**$’000**
Revenue from external customers	47,638	6,496	26,712	-	80,846
Inter-segment revenue	2,146	-	513	(2,659)	-
Total segment revenue	**49,784**	**6,496**	**27,225**	**(2,659)**	**80,846**
Segment result	**11,811**	**(752)**	**538**	**(96)**	**11,501**
Interest revenue	171	-	1	(79)	93
Interest expense	(171)	(24)	(537)	79	(653)
Depreciation and amortisation	(2,215)	(210)	(413)	(96)	(2,934)
Impairment of assets by storm (note 3)	(351)				(351)
Joint venture income	1,011				1,011
Income tax expense	(2,856)	66	-	29	(2,761)
Total segment assets	**59,566**	**2,797**	**12,722**	**(6,922)**	**68,163**
Total segment liabilities	**7,251**	**2,390**	**10,437**	**(3,091)**	**16,987**

27. Segment information (continued)

2009	Pre Media - Aust $'000	Pre Media - UK $'000	Web Printing $'000	Elimination $'000	Total continuing operations $'000
Revenue from external customers	46,345	8,528	23,658	-	78,531
Inter-segment revenue	1,665	-	478	(2,143)	-
Total segment revenue	**48,010**	**8,528**	**24,136**	**(2,143)**	**78,531**
Segment result	**10,733**	**(775)**	**855**	**(96)**	**10,717**
Interest revenue	158	21	5	(55)	129
Interest expense	(413)	(30)	(556)	55	(944)
Depreciation and amortisation	(2,303)	(245)	(408)	(96)	(3,052)
Joint venture income	938				938
Income tax expense	(2,748)	160	(55)	29	(2,614)
Total segment assets	**56,901**	**2,967**	**12,982**	**(4,686)**	**68,164**
Total segment liabilities	**8,354**	**1,725**	**10,699**	**(1,609)**	**19,169**

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 statement of comprehensive income.

(iii) Segment result reconciliation to profit after tax per the statement of comprehensive income

	2010 $'000	2009 $'000
Segment result	**11,501**	10,717
Interest revenue	**93**	129
Interest expense	**(653)**	(944)
Corporate charges	**(1,529)**	(1,404)
Joint venture income	**1,011**	938
Income tax expense	**(2,761)**	(2,614)
Total net profit after tax per the statement of comprehensive income	**7,662**	6,822

28. Key management personnel disclosures

(a) Directors

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

- Wayne Sidwell (Executive Chairman)
- Amanda Brook (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 (New Business Development and Strategy)
- Mark Parker (General Manager - Victoria)
- Jeff Keene (Managing Director - United Kingdom) *(resigned 6 June 2010)*
- Craig Bevan (General Manager - New South Wales)

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

	2010	2009
	$	$
Short term employee benefits	**2,083,618**	1,729,280
Post employment benefits	**159,861**	262,237
Long-term benefits	**20,830**	41,447
	2,264,309	2,032,964

28. Key management personnel disclosures (continued)

d) Key management personnel equity holdings

Fully paid ordinary shares held in Wellcom Group Limited

Year ended 30 June 2010

	Opening balance 1 July 2009	Granted as remuneration	Otherwise acquired (disposed)	Closing balance 30 June 2010	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	-
	25,453,211	-	**20,000**	**25,473,211**	-
Other key management personnel					
S. Rees	10,000	-	-	10,000	-
L.J. Graham	47,310	-	-	47,310	-
M. Bettridge	120,000	-	-	120,000	-
M. Parker	50,000	-	(10,000)	40,000	-
J. Keene	-	-	-	-	-
C. Bevan	10,000	-	-	10,000	-
	237,310	-	**(10,000)**	**227,310**	-
	25,690,521	-	**10,000**	**25,700,521**	-

Year ended 30 June 2009

	Opening balance 1 July 2008	Granted as remuneration	Otherwise acquired (disposed)	Closing balance 30 June 2009	Balance held nominally
Directors					
W.W. Sidwell	25,200,001	-	233,210	25,433,211	-
C.A. Anzarut	20,000	-	-	20,000	-
K.B. Smith	-	-	-	-	-
	25,220,001	-	**233,210**	**25,453,211**	-
Other key management personnel					
S. Rees	10,000	-	-	10,000	-
L.J. Graham	47,310	-	-	47,310	-
M. Bettridge	120,000	-	-	120,000	-
M. Parker	50,000	-	-	50,000	-
J. Keene	-	-	-	-	-
C. Bevan	10,000	-	-	10,000	-
	237,310	-	-	**237,310**	-
	25,457,311	-	**233,210**	**25,690,521**	-

28. Key management personnel disclosures (continued)

e) Loan disclosures
Net profit from continuing operations includes the following items of revenue and expenses that resulted from loans with directors or their personally-related entities during the reporting period:

	2010	2009
	$	$
Expenses		
Interest expense	**58,961**	47,278
Total recognised as expenses	**58,961**	47,278

Total liabilities arising from transactions other than remuneration with directors or their personally-related entities as at reporting date:

Liabilities		
Current	**614,515**	106,795
Non-current	**407,868**	522,383
	1,022,383	629,178

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.

Expenses		
Legal fees	**36,758**	39,815
Rent	**575,850**	561,328
Total recognised as expenses	**612,608**	601,143

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 a building owned by a superannuation fund the assets of which the Executive Chairman, Mr W.W. Sidwell, is a beneficiary. The rental agreement is based upon normal commercial terms and conditions and rents have been determined by independent valuation.

29. Related party disclosures

a) Equity interest in related parties

Equity interests in subsidiaries:
Interests in subsidiaries are set out in note 30.

Equity interests in associates and joint ventures:
Interests held by the Group in associates and jointly controlled entities consist of:
iPrint Corporate Pty Ltd - 50%

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 28.

c) Transactions with related parties
The following transactions occurred with related parties:

	2010	2009
	$	$
Sales of goods and services		
Sale of pre-media and print	**2,492,621**	1,586,749
Purchases of goods and services		
Purchase of pre-media and print	**543,500**	402,918
Dividend revenue		
Jointly controlled entities	**1,500,000**	750,000
Superannuation contributions		
Contributions to superannuation funds on behalf of employees	**1,960,354**	1,787,027

d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables		
Jointly controlled entities	**476,390**	222,300
Current payables		
Jointly controlled entities	**27,045**	11,085

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

29. Related party disclosures (continued)

e) Loans to/from related parties

	2010	2009
Loans from related parties		
Beginning of the year	**629,178**	728,773
Loans advanced	**500,000**	-
Loan payments received	**(106,795)**	(99,595)
Interest charged	**40,036**	47,278
Interest received	**(40,036)**	(47,278)
End of year	**1,022,383**	629,178

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expenses have been recognised in respect of bad or doubtful debts due from related parties.

f) Terms and conditions.

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

Outstanding balances are unsecured and are repayable in cash.

30. 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(c):

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding***	
			2010	2009
Wellcom Moving Images Pty Ltd	Australia	Ordinary	100%	100%
Kinkaid Pty Ltd (trading as Cadillac Printing)	Australia	Ordinary	50%	50%
Keene Repro Ltd	United Kingdom	Ordinary	100%	100%
Wellcom Group Pte Ltd **	Singapore	Ordinary	100%	-

*The proportion of ownership interest is equal to the voting power held.
**Wellcom Group Pte Ltd was incorporated on 9 December 2009.

31. Parent entity financial information

a) Summary financial information

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

	2010 $'000	2009 $'000
Statement of Financial Position		
Current Assets	**14,227**	12,142
Total Assets	**59,207**	56,900
Current Liabilities	**6,065**	7,865
Total Liabilities	**6,705**	8,354
Shareholders Equity		
Issued Capital	**38,355**	38,355
Retained Earnings	**14,147**	10,191
	52,502	48,546
Profit for the year	**8,658**	7,265
Total comprehensive income	**8,658**	7,265

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

As at 30 June 2010, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

c) Guarantees and contingent liabilities

As at 30 June 2010, the parent entity had no guarantees or contingent liabilities.

32. 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 19 August 2010, the Company declared a final dividend of 8 cents per ordinary share, payable from profits for the year ended 30 June 2010. The total final dividend proposed is $3,135,200 and will be franked to 100%. The record date for determining entitlements to the dividend is 3 September 2010 and the payment date is the 17 September 2010.

Divestment of Kinkaid Pty Ltd

On 2 August 2010 interests associated with Wayne Sidwell, Executive Chairman of Wellcom Group Ltd, made an offer to purchase the Group's 50% shareholding in Kinkaid Pty Ltd (trading as Cadillac Printing). The board unanimously agreed to accept this offer, subject to the approval of shareholders and compliance with the Corporations Act and the ASX Listing Rules.

32. Subsequent events (continued)

The effective date will be 1 July 2010, with completion and settlement to take place prior to 31 December 2010. The relevant shareholder approval will be sought in conjunction with the Company's AGM, to be held on 21 October 2010.

The consideration is $3,000,000 and the repayment of vendor loans. This reflects the initial purchase consideration by Wellcom Group Ltd and the current book value of the asset. It is expected that the transaction will not materially affect the earnings per share of the Group in the financial year ended 30 June 2011.

The results of Cadillac Printing for the year ended 30 June 2010 have been separately disclosed under the web printing segment in note 27.

33. 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.