

# Appendix 4E

## Preliminary financial report

### Wellcom Group Limited

ACN 114 312 542

Current reporting period: Year ended 30 June 2012  
Previous reporting period: Year ended 30 June 2011

This preliminary final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

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#### Results for announcement to the market

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##### Financial Results

|   |      |       |    | \$'000 |
|---|------|-------|----|--------|
| Revenue *   | up   | 54.8% | to | 88,638 |
| Profit after tax from continuing operations attributable to members | up   | 4.8%  | to | 9,586  |
| Profit after tax from ordinary activities attributable to members   | down | 0.4%  | to | 9,586  |
| Net profit for the period attributable to members                   | down | 0.4%  | to | 9,586  |

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

##### Dividends / Distributions

|  | Amount per security | Franked amount per security |
|--|---------------------|-----------------------------|
| Final dividend for the period ended 30 June 2012               | 10.0 ¢              | 10.0 ¢                      |
| Interim dividend for the period ended 31 December 2011         | 8.0 ¢               | 8.0 ¢                       |
| Record date for determining entitlements to the final dividend |                     | 5 September 2012            |
| Payment date for final dividend                                |                     | 19 September 2012           |

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Results for announcement to the market, based on the audited financial report of Wellcom Group Limited for the year ended 30 June 2012.

##### Additional Information

Additional Appendix 4E disclosure requirements can be found in the annual financial report of Wellcom Group Limited for the year ended 30 June 2012, lodged in conjunction with this report.

The information contained in this report is to be read in conjunction with any announcements made to the market by Wellcom Group Limited during the financial period.

For further information on Wellcom Group Limited, please visit our website at: [www.wellcom.com.au](http://www.wellcom.com.au)

## **Explanation of Results**

### **Overview**

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

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

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

### **Operating results for the year**

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

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

EBITDA from continuing operations increased 10% to \$15.16m (2011: \$13.82m).

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

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

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

### **Shareholder returns**

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

|   | 2012  | 2011  |
|---|-------|-------|
| Basic earnings per share (cents)                          | 24.46 | 23.34 |
| Return on net assets (%)                                  | 17.30 | 17.42 |
| Return on net assets excluding goodwill & intangibles (%) | 44.73 | 48.19 |
| Dividend payout ratio (%)                                 | 73.59 | 70.70 |

### **Liquidity and financial condition**

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

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### **Dividends**

A 100% franked final dividend of 9.0 cents per ordinary share was paid on 15 September 2011. The total amount of the dividend paid was \$3,527,100.

A 100% franked interim dividend of 8.0 cents per ordinary share was paid on 21 March 2012. The total amount of the dividend paid was \$3,135,200.

Total dividends paid during the financial year were 17.0 cents per ordinary share. The total amount paid was \$6,662,300.

A 100% franked final dividend of 10.0 cents per ordinary share was declared on 22 August 2012. The record date for determining entitlements to the final dividend is 5 September 2012. The final dividend will be paid on 19 September 2012. The total amount of the final dividend to be paid is \$3,919,000. As this dividend was not declared prior to the end of the financial year it has not been recognised in the accounts for the year ended 30 June 2012.

Total dividends paid or declared in relation to the financial year ended 30 June 2012 were 18.0 cents per ordinary share. The total amount paid or payable is \$7,054,200.

There are no dividend reinvestment plans or share buybacks currently offered or in operation.

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### **Net tangible assets per security**

Net tangible assets per security at 30 June 2012 was 54.23 cents (2011: 48.46 cents).

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### **Entities over which control has been gained or lost**

There has been no change in control over the 100% owned subsidiaries Wellcom London Ltd, Wellcom Group Pte Ltd, Wellmalaysia Sdn Bhd, Wellcom Moving Images Pty Ltd and iPrint Corporate Pty Ltd.

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### **Subsidiary and Joint Venture entities**

| <u>Name of Subsidiary/Joint Venture entity</u> | <u>Ownership Interest</u><br><u>At 30.06.12</u> | <u>Entity Net Profit/</u><br><u>(Loss) After Tax</u><br><u>\$'000</u> |
|--|---|---|
| Wellcom London Ltd                             | 100%  | \$ 1,201  |
| Wellcom Group Pte Ltd                          | 100%  | \$ (50)   |
| Wellmalaysia Sdn Bhd                           | 100%  | \$ (130)  |
| Wellcom Moving Images Pty Ltd *                | 100%  | -   |
| iPrint Corporate Pty Ltd *                     | 100%  | -   |

\* Wellcom Moving Images Pty Ltd and iPrint Corporate Pty Ltd were dormant for the whole of the financial year.