

Appendix 4E

Preliminary financial report

Wellcom Group Limited

ACN 114 312 542

Current reporting period: Year ended 30 June 2014
Previous reporting period: Year ended 30 June 2013

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

Results for announcement to the market

Financial Results

| | | | | \$'000 |
|---|----|-----|----|----------|
| Revenue * | up | 15% | to | \$90,088 |
| Profit after tax from continuing operations attributable to members | up | 10% | to | \$8,595 |
| Profit after tax from ordinary activities attributable to members | up | 10% | to | \$8,595 |
| Net profit for the period attributable to members | up | 10% | to | \$8,595 |

* Revenues (excluding print management pass through costs) of \$62.74m (2013: \$53.61m) represented an increase of 17% over the previous corresponding financial period.

Dividends / Distributions

| | Amount per security | Franked amount per security |
|--|---------------------|-----------------------------|
| Final dividend for the period ended 30 June 2014 | 11.0 ¢ | 11.0 ¢ |
| Interim dividend for the period ended 31 December 2013 | 8.0 ¢ | 8.0 ¢ |
| Record date for determining entitlements to the final dividend | | 5 September 2014 |
| Payment date for final dividend | | 19 September 2014 |

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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 2014.

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 2014, 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

Explanation of Results

Operating results for the year

Group revenue of \$90.09m (2013: \$78.46m) represented an increase of 15% over the previous financial year, with revenue (excluding print management pass through costs) of \$62.74m (2013: \$53.61m) representing an increase of 17% over the same period. The increase in net revenue was driven by the contribution from theLab following its acquisition in March 2014, together with organic growth from existing clients and new business wins engaged either in the current year or part way through the prior year.

Operating margins within the Group, excluding the impact of theLab acquisition, were maintained at 23% on a net revenue basis.

EBITDA from continuing operations increased by 9% to \$12.99m (2013: \$11.94m), with EBIT from continuing operations increasing by 10% to \$11.40m (2013: \$10.35m). NPAT from continuing operations attributable to the owners of the Group increased 10% to \$8.60m (2013: \$7.85m), with the associated earnings per share from continuing operations increasing 10% to 21.93 cents (2013: 20.03 cents).

The effective tax rate for the Group was 26% (2013: 28%) with the lower than average tax rate in the current year driven by tax credits relating to increased investment in software research and development.

Shareholder returns

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

| | 2014 | 2013 |
|----------------------------------|--------------|-------|
| Basic earnings per share (cents) | 21.93 | 20.03 |
| Return on net assets (%) | 14.72 | 13.86 |
| Dividend payout ratio (%) | 86.63 | 89.87 |

Liquidity and financial condition

The Group generated \$6.86m in cash from operating activities for the year ended 30 June 2014 (2013: \$7.60m). Net assets increased \$1.71m to \$58.38m (2013: \$56.67m). As at 30 June 2014 the Group has no net debt with cash and cash equivalents in excess of interest bearing liabilities by \$6.14m (2013: \$15.45m). The Group also has \$8.04m of unused bank facilities as at 30 June 2014 (2013: \$8.07m), and overall facilities of \$9.29m (2013: \$9.23m).

Dividends

A 100% franked final dividend of 10.0 cents per ordinary share was paid on 13 September 2013. The total amount of the dividend paid was \$3,919,000.

A 100% franked interim dividend of 8.0 cents per ordinary share was paid on 27 March 2014. The total amount of the dividend paid was \$3,135,200.

Total dividends paid during the financial year were 18.0 cents per ordinary share. The total amount paid was \$7,054,200.

A 100% franked final dividend of 11.0 cents per ordinary share was declared on 20 August 2014. The record date for determining entitlements to the final dividend is 5 September 2014. The final dividend will be paid on 19 September 2014. The total amount of the final dividend to be paid is \$4,310,900. 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 2014.

Total dividends paid or declared in relation to the financial year ended 30 June 2014 were 19.0 cents per ordinary share. The total amount paid or payable is \$7,446,100.

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

Net tangible assets per security

Net tangible assets per security at 30 June 2014 was 38.96 cents (2013: 52.29 cents).

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. Wellcom Group Inc was incorporated on the 22 November 2013, 100% owned by Wellcom Group Limited. WGI Acquisition LLC (name subsequently changed to theLab LLC) was formed on the 10 February 2014, 100% owned by Wellcom Group Inc. Dreamwalk Pty Ltd, a dormant entity, was deregistered on 24 June 2014.

Subsidiary and Joint Venture entities

| <u>Name of Subsidiary/Joint Venture entity</u> | <u>Ownership Interest</u> <u>At 30.06.14</u> | <u>Entity Net Profit</u> <u>After Tax</u> <u>\$'000</u> |
|--|---|---|
| Wellcom London Ltd | 100% | \$ 566 |
| Wellcom Group Pte Ltd | 100% | \$ 19 |
| Wellmalaysia Sdn Bhd | 100% | (\$ 407) |
| Wellcom Moving Images Pty Ltd * | 100% | - |
| iPrint Corporate Pty Ltd * | 100% | - |
| Wellcom Group Inc | 100% | \$ 72 |
| theLab LLC ** | 100% | - |

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

** theLab LLC's profits are consolidated within its parent entity Wellcom Group Inc.
