



INTERIM RESULTS IN LINE WITH EXPECTATIONS – TARGETED FULL YEAR EBITDA GROWTH OF 10 - 15% REAFFIRMED

23 FEBRUARY 2007

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading Australian provider of pre-media and digital asset management services to corporations, retailers and advertising agencies, today announced its interim results for the six months ended 31 December 2006.

	1H07 \$m	1H06 \$m	Change
Revenue	20.17	17.51	+15.2%
EBITDA	5.98	6.03	-0.9%
EBIT	4.45	4.80	-7.3%
Net Profit After Tax	3.40	3.39	+0.2%
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Earnings Per Share	8.68	8.66	+0.2%
EPS (excl. intangible amortisation)	9.60	9.76	-1.7%
Dividend Per Share	5.00	5.00	-

“This is a sound result which is in line with our expectations, and one which reflects the upfront costs associated with new business,” said Mr Wayne Sidwell, Executive Chairman and Chief Executive Officer of Wellcom. “Our revenue growth, in particular, highlights the strong underlying momentum of the business, driven by both organic and acquisitive sources.”

“We continue to pursue a strategy that embraces growth from existing clients, a broadening of the customer base through new business gains and the execution of synergistic acquisitions. Underpinning all of this is a commitment to new products and services and to ongoing investment in cutting edge technologies that facilitate end-to-end tailored solutions for our customers.”

“During the latest half we have had further success with our total facilities management (TFM) service concept, consolidating Pacific Brands and being chosen in November to manage the hub at Westpac’s Kent Street headquarters in Sydney. These are important new customer relationships, which are consistent with our aim of generating organic growth through partnership with blue chip corporate clients,” said Mr Sidwell.

“Wellcom is also pleased to announce that iPrint Corporate P/L, a Joint Venture with Australia Post, has secured a further five year contract in October, with Australia Post, to provide its print management and digital asset management services.”

“We have also been active on the acquisition front, finalising three transactions in the half which either geographically extend existing capabilities in digital asset management and printing, or deliver a presence in complementary business areas such as computer to plate (CTP) and web printing.”

“Profitability in the half has been constrained by costs associated with the set-up of the TFM contract secured with Pacific Brands, in the period to September 2006, and by a particularly soft advertising market in Melbourne,” said Mr Sidwell. “Our deliberate strategy of focusing on direct retail and corporate business will provide the necessary foundation for Wellcom’s long term growth, and we are confident of reaching our targeted EBITDA growth for the full year,” he added.

OPERATING PERFORMANCE

Wellcom recorded revenue growth of 15.2% in the six months to 31 December 2006, in large part derived from acquisitions and from the commencement of the Pacific Brands contract. Steady growth in direct business sales from the corporate and retail sectors was offset by the effect of a soft advertising market, notably in Victoria.

Margins were held back by costs incurred in respect of the five TFM hubs installed at Pacific Brands nationally.

iPrint, the 50%-owned print management joint venture with Australia Post, again performed well, contributing \$0.48 million (vs. \$0.37 million) of equity-accounted earnings.

Total EBIT for the half declined by 7%, reflecting a 24% increase in the depreciation and amortisation charge over the corresponding period, to \$1.53 million.

An effective tax rate of approximately 25% was recorded. This is comparable to the FY06 level and is indicative of future anticipated rates.

CASH FLOW AND BALANCE SHEET

Net operational cashflow of \$2.8 million has been sound, with comparison to the corresponding half in FY06 distorted by the funding of receivables that occurred in that period. Net debt at period end stood at approximately \$6.2 million, equating to modest gearing (net debt : equity) of under 14%. Approximately \$5.4 million was spent on acquisitions during the half.

DIVIDEND

The Directors have declared a fully franked interim dividend of 5 cents per share, compared to the unfranked dividend of 5 cents per share declared in respect of the corresponding period. This equates to a payout ratio of approximately 58%. The record date for determining entitlements is 15 March 2007, and payment will occur on 23 March 2007.

NEW CONTRACT

On 15 November 2006, Wellcom announced that it had been chosen to manage a hub at the Sydney headquarters of Westpac that provides design, digital asset management and pre-media services.

ACQUISITIONS

During the half Wellcom concluded three separate acquisitions:

- Digital House – effective from 1 September 2006, Wellcom acquired this Melbourne-based, leading player in the digital printing and premium computer to plate (CTP) services market. CTP complements and adds value to Wellcom's existing range of products and services, sitting at the back end of the traditional service offer and allowing Wellcom to provide an enlarged turnkey product offering.
- Image Studios – effective from 1 November 2006, Wellcom acquired the business, and selected assets and liabilities of, this provider of digital pre-media, design, digital posters, laminating and high quality offset printing services. Image Studios delivers a presence in the Brisbane market which Wellcom can leverage through the introduction of its existing data management technology and systems capabilities.
- Cadillac Printing – effective from 14 December 2006, Wellcom acquired a 50% interest in this Adelaide-based heatset and coldset web printing business. Cadillac Printing offers Wellcom's existing clients the ability to seamlessly order large run printed material, and provides Wellcom with the opportunity to sell its suite of pre-media and digital asset management services to Cadillac's range of retail, government and corporate clients.

OUTLOOK

Wellcom is on track to attain its targeted full year EBITDA growth in FY07 of 10-15%, over the \$9.9 million reported in FY06. As previously stated, this will be sourced from a combination of ongoing organic growth from existing customers, contributions from recent and new contractual gains and input from acquisitive activity. The seasonally weaker second half of FY07 will benefit from a full six months of each of the recent acquisitions, as well as a growing contribution from the Pacific Brands agreement. The company remains confident that it has built a strong platform from which to deliver increased shareholder returns over the longer term.

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