

Wellcom Group Limited

A.C.N. 114 312 542

Financial report for the year ended 30 June 2007

Annual financial report
for the financial year ended
30 June 2007

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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 guide and monitor the business practices and affairs of the Company and its controlled entities, referred to this statement as the consolidated entity, on behalf of, and in the best interests of, the shareholders to whom they are accountable.

The board is responsible to the shareholders for the performance of the consolidated entity and seeks to accommodate the key objectives of all stakeholders in its undertakings and operations. Where competing objectives do exist, the board endeavours to find a balance for the overall benefit and in the best interests of the consolidated entity. The primary focus is to ensure the consolidated entity is properly managed whilst continuing to enhance the interests of shareholders and key stakeholders.

The Company’s corporate governance policies and practices have been established with reference to the following Corporate Governance Council’s principles and recommendations.

- Principle 1: Lay solid foundations for management and oversight
- Principle 2: Structure the board to add value
- Principle 3: Promote ethical and responsible decision making
- Principle 4: Safeguard integrity in financial reporting
- Principle 5: Make timely and balanced disclosure
- Principle 6: Respect the rights of shareholders
- Principle 7: Recognise and manage risk
- Principle 8: Encourage enhanced performance
- Principle 9: Remunerate fairly and responsibly
- Principle 10: Recognise the legitimate interests of stakeholders

The Company’s corporate governance policies were adopted by the board in the previous financial year and are compliant with the Council’s best practice recommendations. The main practices implemented and adhered to by the Company are outlined below and unless stated otherwise, have been in place for the entire financial period.

Board of directors

The board operates under the principles outlined in its Corporate Governance Charter, adopted to establish an overall framework for the corporate governance and control of the Company. All directors, individually and as a board, are committed to acting in accordance with this Charter.

The Charter details the board’s composition, role, and responsibilities.

Full details of the Charter are available on the Company’s website at www.wellcom.com.au.

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 Company 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 in the Company 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 composition of the board, including appointment and retirement or removal of directors;
- 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 progresses;
- performance of investment and treasury functions;
- monitoring industry developments relevant to the Company and its business;
- development of suitable key indicators of financial performance for the Company 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 Company; and
- any and all other matters reserved to it by law.

Composition of the board

The Company Charter requires the board is 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 Company and its business;
- there must be at least three (3) directors appointed and 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.

Board members

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

At the date of the annual report there are three (3) directors, two (2) of which are non-executive directors with one (1) non-executive director considered to be independent.

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.

Directors' independence

Directors of the Company 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 another group company, 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 company 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 company 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 company 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 Company 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 company 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 Company's loyalty.

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

Name:	Position:
K.B. Smith	Non-executive Director

Chairman and Chief Executive Officer

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

- the provision of leadership to the board;

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

The Company Charter does not require these roles to be undertaken by separate people.

Independent professional advice

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

Term in office

The Company 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	2 years
C.A. Anzarut	2 years
K.B. Smith	1 year

Commitment

The board held nine (9) meetings during the financial period. 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 review 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.

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 Company and 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.

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. All 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.

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 responsibility for establishing and maintaining a framework of internal control and ethical standards to the audit committee.

The audit committee was established for the entire financial period referred to in this financial report. There were two (2) audit committee meetings held during the year. Details of director's 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 effecting 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 at least once every three (3) years, 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 by the external auditors and management representation letters 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 procedures set out in the board charter.

The members of the audit committee for the entire year were:

K.B. Smith (committee chairman)

C.A. Anzarut

W.W. Sidwell

Qualifications of audit committee members

K.B. Smith, chairman of the Audit Committee, has been a Chartered Accountant for 28 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 35 years experience in the industry. He is also a director of a number of private companies.

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.

The remuneration committee was established for the entire financial period referred to in this financial report. There has been one (1) remuneration committee meeting held during the year. Details of director's 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

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 its 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 and 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 reviewed as a standing item on the agenda for each regular meeting of the board and all Directors are required 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 Company's performance and outlook. All shareholders are given the opportunity to ask questions of the board and of the auditor about the audit who is invited to the meeting;
- 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 Company's strategy, business and outlook. No new materially price sensitive information will be 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 should be immediately released to ASX.

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

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

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

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.

Directors' Report

The directors of Wellcom Group Limited (the Company) submit herewith the annual financial report of the consolidated entity, consisting of the Company and the entities it controlled at the end of or during the year ended 30 June 2007.

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 in excess of thirty five (35) 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 is chairman of the company's Audit Committee. Kerry has also served as a director of listed company SMS Management & Technology Limited since 20 December 2004.

K.R. Romanin (Previous executive director)

Katrina Rose Romanin was a director from the beginning of the year until her resignation from that position on 19 March 2007.

COMPANY SECRETARY

L.J. Graham (Company Secretary)

Leonard Julian Graham was appointed as Company Secretary on 19 March 2007. Julian commenced as the acting Chief Financial Officer of the consolidated entity on 1 November 2006 with the position becoming permanent on 1 April 2007.

K.R. Romanin (Previous Company Secretary)

Katrina Rose Romanin was the Company Secretary from the beginning of the year until her resignation on 19 March 2007.

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	25,200,001*
C.A. Anzarut	20,000*
K.B. Smith	-
K.R. Romanin	32,500*

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

DIVIDENDS

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

	2007	2006
	\$ '000	\$ '000
Final dividend for the year ended 30 June 2006 of 5 cents (2005 - n/a) per fully paid ordinary share paid on 30 September 2006	1,959.5	-
Interim dividend for the year ended 30 June 2007 of 5 cents (2006: 5 cents) on fully paid ordinary shares paid on 23 March 2007	1,959.5	1,959.5
	<u>3,919.0</u>	<u>1,959.5</u>

All dividends paid have been fully franked, with the exception of the interim dividend for the year ended 30 June 2006 which was unfranked.

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 2007 of 6 cents per fully paid ordinary share. The dividend was declared on 29 August 2007, with a record date of 15 September 2007, to be paid on 4 October 2007 out of retained profits at 30 June 2007. The dividend will be fully franked.

PRINCIPAL ACTIVITIES

The principal activities during the year within the consolidated entity were the provision of pre and post media, and data management services, encompassing the following services:

- Data and Facilities Management
- Digital Photography
- Television Production
- Digital Print *
- Web Offset Print *
- Computer to Plate (CTP) Production *

* The acquisition of the Digital House business during the financial year enhanced the already existing digital print and CTP operations of the consolidated entity. The other significant change to the principal activities of the consolidated entity during the financial period was the expansion into web offset printing through the acquisition of Kinkaid Pty Ltd (trading as Cadillac Printing).

OPERATING AND FINANCIAL REVIEW

Overview

Following its listing on the Australian Stock Exchange on 22 July 2005, Wellcom Group Limited has transitioned from private to public entity with relative ease. The business undertakings of management throughout the financial period have continued to strengthen the consolidated entity's operational and financial bases.

Operating results for the year

Revenue

Operating sales revenue was \$53.14m, an increase of 56.5% over the previous financial period (2006: \$33.96m). Sales increased by 12% (\$4.1m) due organic growth, and the acquisitions of the Digital House and Image Studio businesses, together with the interest in Kinkaid Pty Ltd (Cadillac Printing) during the current financial period contributed a further \$15m to current year operating revenue. Underlying margins were maintained.

Profit and Loss

Total EBIT increased by 10.6% to \$8.13m primarily due to the full year effect of clients won in the previous financial year, and the maturing of business with clients such as Pacific Brands. The EBIT increase was achieved notwithstanding a 37% increase in depreciation and amortisation charge. Cash costs are focussed on consistently.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 17.4% to \$11.66m for the period.

Net profit after tax (NPAT) increased by 5.3% to \$5.82m for the period, affected by an under-provision of tax in the prior period and a small loss at the Cadillac Printing operation.

Capital expenditure for the period was \$9.1m (2006: \$3.3m), of which new business acquisitions accounted for \$5.4m (2006: \$1m).

Shareholder returns

The Company is pleased to report that return to shareholders, both through dividends and capital growth, continues to reflect the strength and stability of this business.

Our financial measures for the financial period are:

	2007	2006
Basic earnings per share (cents)	14.86	14.42
Earnings per share excluding intangible amortisation	16.70	16.66
Return on net assets (%)	12.90%	13.20%
Return on net assets excluding goodwill & intangibles	34.60%	33.10%
Dividend payout ratio (%)	74.01%	70.84%

Liquidity and Financial Condition

The consolidated cash flow statement reflects a decrease of \$6.28m in cash and cash equivalents during the financial period to \$2.15m (2006: \$8.43m). Operating activities generated cash flows of \$7.15m (2006: \$3.78m) which were offset by net cash outflows of \$7.41m (2006: \$2.79m) for investing activities, largely attributable to new business acquisitions and \$6.02m (2006: net inflows \$7.43m) for financing activities, attributable including dividend payments.

Profile of Debts

The consolidated entity's debt finance at the end of the financial period is as follows:

Profile of debts

	2007	2006
	\$'000	\$'000
Current		
Obligations under finance lease	324	410
Obligations under hire purchase contract	856	260
Commercial Bills	0	980
Other loans	93	0
	1,273	1,650
Non Current		
Obligations under hire purchase contract	5,343	290
Other loans	721	0
Total	7,337	1,940

The consolidated entity's debts have increased by an amount of \$5.4m during the financial period, primarily as a result of \$5m of financing acquired through the acquisition of a controlling interest in Kinkaid Pty Ltd (Cadillac Printing) which was used to finance the installation and setup of a Rotoman web off-set printing press.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity attributable to the consolidated entity after allowance for minority interests increased by \$3.2m to \$45.1m during the financial period (2006: \$41.9m) as a result of current year profits net of dividends paid.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The directors of Wellcom Group Limited declared a final dividend on ordinary shares in respect of the 2007 financial year on 29 August 2007. The total amount of the dividend is \$2.35m which represents a fully franked dividend of 6 cents per share. The dividend has not been provided for in the 30 June 2007 financial statements.

No other significant events have occurred after balance date to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The full year operating results of businesses and interests in businesses acquired by the consolidated group during the financial year ended 30 June 2007 are expected to complement the Group's already strong client base and provide for the continuance of climbing sales turnover and profit results in the 2008 year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

SHARE OPTIONS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has paid premiums during the financial period in respect of an insurance policy insuring all the directors and officers of Wellcom Group Limited against loss, including pecuniary penalties and legal representation expenses incurred in defending proceedings for conduct involving a wrongful act.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year ended 30 June 2007 and the number of meetings attended by each director during that period were as follows:

	Directors Meetings		Committee Meetings			
			Audit		Remuneration	
	DM*	A*	CM*	A*	CM*	A*
Number of meetings held during the financial period:	9		2		1	
W.W. Sidwell	9	9	2	2	1	1
C.A. Anzarut	9	9	2	2	1	1
K.B. Smith	9	9	2	2	*	*
K.R. Romanin (resigned 19 March 2007)	6	5	*	*	*	*

DM* Number of meetings held during the period which the director held office

CM* Number of meetings held during the period the director was a member of the relevant committee

A* Number of meetings attended during the period

* Not a member of the relevant committee

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and key management personnel of Wellcom Group Limited (the company) and the consolidated group (the Group).

Remuneration philosophy

The performance of the Group depends upon the quality of its directors, executives and key management personnel. Motivation and retention of skilled directors and 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, pro-rated where a director acted in a non-executive capacity for only part of the financial period. This fee level was determined by the board upon its inception in May 2005. There was no recommendation for change or review of this fee made at the one general meeting held since this time.

Details of the remuneration of non-executive directors for the year ended 30 June 2007 are set out in the table below.

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 Company and the inherent responsibilities therein.

Remuneration is reviewed annually by the remuneration committee which reports to the full 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.

The key management personnel of Wellcom Group Limited and of the consolidated group were:

W.W. Sidwell, Executive Director and Chief Executive Officer
K.R. Romanin, Executive Director, Company Secretary and Chief Financial Officer (resigned 19 March 2007)
M. Bettridge, General Manager New South Wales
M. Parker, General Manager Victoria
S. Rees, General Manager South Australia
L.J. Graham, Company Secretary (appointed 19 March 2007) and Chief Financial Officer

Details of the remuneration of executive directors and other key management personnel for the year ended 30 June 2007 are set out in the table below.

Name	Short term employee benefits			Post Employment Benefits	Total \$'000
	Cash Salary \$'000	Cash Bonus \$'000	Non-cash Benefits \$'000	Super-annuation \$'000	
<i>Non-executive directors</i>					
C.A. Anzarut	30	-	-	20	50
K.B Smith	0	-	-	50	50
K.R. Romanin*	9	-	11	1	21
Sub-total non-executive directors	39	-	11	71	121
<i>Executive directors</i>					
W.W. Sidwell^	212	-	71	67	350
K.R. Romanin# (resigned 19 March 2007)	73	-	6	6	85
<i>Other key management personnel</i>					
M. Bettridge^	162	20	44	13	239
M. Parker^	135	-	25	40	200
S. Rees^	166	20	-	34	220
L.J. Graham^	114	18	-	30	162
Total key management personnel compensation	901	58	157	261	1,377

* K.R. Romanin acted as a non-executive director during the period 25 October 2006 until 19 March 2007.

K.R. Romanin resigned as a company director on 19 March 2007. Amounts shown above include Ms Romanin's remuneration as an executive director during the period 1 July 2006 to 24 October 2006 and as a Special Projects Officer for the Company following her cessation as a director. Amounts received during her period as an executive director totalled \$58,416, comprising cash salary \$54,284 and superannuation \$4,132.

^ Denotes one of the five (5) highest paid executives of the Company as required by the Corporations Act 2001.

Employment Contracts

W.W. Sidwell

The Executive Chairman and Chief Executive Officer, Mr Sidwell is employed under contract by Wellcom Group Limited. The current employment contract commenced on 1 July 2005 and terminates on 30 June 2009 at which time the company may choose to commence negotiations to enter into a new contract with Mr Sidwell.

- Mr Sidwell receives fixed remuneration of \$350,000 per annum
- Both Mr Sidwell and the company may terminate this contract by giving 2 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.

All other executives

All other key management personnel are employed under contract by Wellcom Group Limited. The current employment contracts commence on 1 July 2005 and are for indefinite terms, with no pre-determined termination date.

- All executives receive fixed remuneration inclusive of superannuation and other benefits, including motor vehicle benefits.
- Either the executive or the company may terminate this contract by giving three (3) months written notice. Where such notice is provided by either the executive or the company, the company may request the executive 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.

Management Incentive Scheme

A management incentive plan has been initiated by the board for key management personnel.

- Key management personnel shall be entitled to an amount equal to 20% 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 performance of the group and 2, the performance of individual responsibility centres.
- The incentive shall be paid by way of either cash or shares, the method of payment at the entire discretion of the board
- Any incentive payment due shall be paid in the month following the release of the final years results for the Group to the ASX in relation to the financial period.

The following management incentives are expected to be paid on 30 September 2007 in relation to the year ended 30 June 2007:

Year ended 30 June 2007	Remuneration package 1 July 2006 \$'000	Performance criteria 1 (10%) \$'000	Performance criteria 2 (10%) \$'000	Total incentive paid \$'000
Key management personnel				
M. Bettridge	200	-	20	20
M. Parker	200	-	-	-
S. Rees	200	-	20	20
L.J. Graham	180	-	18	18
	<u>780</u>	<u>-</u>	<u>58</u>	<u>58</u>

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration is included on page 18 of the financial report.

NON-AUDIT SERVICES

The entity's auditor, HLB Mann Judd, did not provide any non-audit services to the consolidated entity during the year.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest thousand (\$'000) dollars, unless otherwise stated, under the option available to the company under ASIC class order 98/0100. The company is an entity to which the class order applies.

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, 29 August 2007



Accountants | Business and Financial Advisers

29 August 2007

Board of Directors
Wellcom Group Limited
870 Lorimer Street
PORT MELBOURNE VIC 3207

Dear Directors,

Re: Auditor's Independence declaration

In relation to our audit of the financial report of Wellcom Group Limited ("Wellcom") for the year ended 30 June 2007 ("the audit"), we make the following declarations to the Board of Directors of Wellcom:

1) To the best of our knowledge and belief, there have been no contraventions of:

- the auditor's independence requirements of the *Corporation Act 2001* in relation to the audit; and
- any applicable codes 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.

Yours faithfully

A handwritten signature in cursive script that reads 'HLB Mann Judd'.

HLB MANN JUDD

A handwritten signature in cursive script that reads 'David Nairn'.

DAVID NAIRN
Partner

**Independent auditor's report to the members of
Wellcom Group Limited****Report on the financial report**

We have audited the accompanying financial report of Wellcom Group Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Wellcom Group Limited (the company) and Wellcom Group Limited and its subsidiaries (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation 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 designing, implementing and maintaining internal control 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 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements 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 entity'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 entity'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 procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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

Independence

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

Auditor's opinion on the financial report

In our opinion,

- (a) the financial report of Wellcom Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 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 report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

HLB Mann Judd

HLB MANN JUDD



DAVID NAIRN
Partner

29 August 2007
Melbourne

Directors' Declaration

In accordance with a resolution of the directors of Wellcom Group Limited, I state that:

in the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and Corporations Regulations 2001; 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.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with s 295A of the Corporations Act 2001 for the financial period ended 30 June 2007.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Board



W.W Sidwell
Director

Melbourne, 29 August 2007

Income Statement for the financial year ended 30 June 2007

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue	3(a)	53,137	33,964	43,840	33,814
Cost of sales		(17,385)	(7,944)	(12,051)	(7,873)
Gross profit		35,752	26,020	31,789	25,941
Other income	3(b)	765	561	747	561
Share of profits of associates and jointly controlled entities accounted for using the equity method	10	884	529	884	529
Marketing expenses		(196)	(228)	(179)	(228)
Occupancy expenses		(2,295)	(1,394)	(2,109)	(1,385)
Employee Benefits expense	3(c)	(20,147)	(13,931)	(17,694)	(13,915)
Depreciation & amortisation expenses	3(d)	(3,530)	(2,582)	(3,149)	(2,571)
Finance costs	3(e)	(593)	(331)	(343)	(331)
Consulting expenses		(84)	(131)	(84)	(131)
Other expenses		(2,677)	(994)	(1,225)	(982)
Profit before income tax expense		7,879	7,519	8,637	7,488
Income tax expense	4(a)	(2,317)	(1,987)	(2,516)	(1,978)
Profit from continuing operations		5,562	5,532	6,121	5,510
Loss attributable to minority interests		262	-	-	-
Profit attributable to members of the parent entity		5,824	5,532	6,121	5,510
Earnings per share:					
Basic (cents per share)	23 (a)	14.86	14.42		
Diluted (cents per share)	23 (b)	14.86	14.42		

Notes to the financial statements are included on pages 26 to 67.

Balance Sheet as at 30 June 2007

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets					
Cash and cash equivalents	5(a)	2,145	8,426	1,687	8,381
Trade and other receivables	7	13,127	5,758	10,501	5,688
Current tax assets	4(c)	1	-	-	-
Inventories	8	2,782	184	508	184
Other current assets	9	135	112	91	109
Total current assets		18,190	14,480	12,787	14,362
Non-current assets					
Investments accounted for using the equity method	10	3,714	3,829	3,714	3,829
Other non-current financial assets	11	-	-	3,217	200
Property, plant and equipment	12	13,092	4,501	5,882	4,410
Deferred tax assets	4(d)	1,444	974	995	972
Goodwill	13	27,482	23,658	26,006	23,609
Other intangible assets	14	822	1,532	814	1,521
Other non-current assets	15	3	80	3	80
Total non-current assets		46,557	34,574	40,631	34,621
Total assets		64,747	49,054	53,418	48,983
Current liabilities					
Trade and other payables	16	6,507	1,585	3,499	1,552
Short term borrowings	17	1,273	1,650	656	1,650
Current tax payables	4(c)	2,411	1,961	2,411	1,949
Provisions	18	2,369	1,306	1,992	1,302
Total current liabilities		12,560	6,502	8,558	6,453
Non-current liabilities					
Long term borrowings	19	6,064	290	217	290
Deferred tax liabilities	4(d)	618	162	373	162
Provisions	20	367	194	184	194
Total non-current liabilities		7,049	646	774	646
Total liabilities		19,609	7,148	9,332	7,099
Net assets		45,138	41,906	44,086	41,884
Equity					
Contributed equity	21	38,355	38,355	38,355	38,355
Retained earnings	22	5,456	3,551	5,731	3,529
Parent interests		43,811	41,906	44,086	41,884
Minority interest		1,327	-	-	-
Total equity		45,138	41,906	44,086	41,884

Notes to the financial statements are included on pages 26 to 67.

Statement of Changes in Equity

for the financial year ended 30 June 2007

	Note	Consolidated 2007			Consolidated 2006		
		\$'000			\$'000		
		Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
At beginning of financial period	21	38,355	3,551	41,906	0	(22)	(22)
Share Issue costs (net of tax effect)		-	-	-	(1,193)	-	(1,193)
Income tax on items taken directly to or transferred from equity		-	-	-	358	-	358
Net income recognised directly in equity		38,355	3,551	41,906	(835)	(22)	(857)
Profit for the period - parent entity		-	5,824	5,824	-	5,532	5,532
Loss for the period - minority interest		-	(262)	(262)	-	-	-
Total income and expense recognised for the period		38,355	9,113	47,468	(835)	5,510	4,675
Issue of share capital to:							
- acquire Well.com Pty Ltd business*		-	-	-	21,752	-	21,752
- acquire 50% iPrint Corporate Pty Ltd*		-	-	-	3,300	-	3,300
- in an Initial Public Offering*		-	-	-	14,000	-	14,000
Cost of share-based payment		-	-	-	138	-	138
Dividends paid	24	-	(3,919)	(3,919)	-	(1,959)	(1,959)
Minority interest on acquisition of subsidiary		-	1,589	1,589	-	-	-
As at end of financial period		38,355	6,783	45,138	38,355	3,551	41,906
Total Equity at end of financial period attributable to:							
Minority interests		-	1,327	1,327	-	-	-
Equity holders of the parent		38,355	5,456	43,811	38,355	3,551	41,906

	Note	Parent 2007			Parent 2006		
		\$'000			\$'000		
		Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
At beginning of financial period	21	38,355	3,529	41,884	0	(22)	(22)
Share Issue costs (net of tax effect)		-	-	-	(1,193)	-	(1,193)
Income tax on items taken directly to or transferred from equity		-	-	-	358	-	358
Net income recognised directly in equity		38,355	3,529	41,884	(835)	(22)	(857)
Profit for the period		-	6,121	6,121	-	5,510	5,510
Total income and expense recognised for the period		38,355	9,650	48,005	(835)	5,488	4,653
Issue of share capital to:							
- acquire Well.com Pty Ltd business*		-	-	-	21,752	-	21,752
- acquire 50% iPrint Corporate Pty Ltd*		-	-	-	3,300	-	3,300
- in an Initial Public Offering*		-	-	-	14,000	-	14,000
Cost of share-based payment		-	-	-	138	-	138
Dividends Paid	24	-	(3,919)	(3,919)	-	(1,959)	(1,959)
As at end of financial period		38,355	5,731	44,086	38,355	3,529	41,884
Total Equity at end of financial period attributable to:							
Equity holders of the parent		38,355	5,731	44,086	38,355	3,529	41,884

* Share capital issued at \$1 per share

Notes to the financial statements are included on pages 26 to 67.

Cash flow statement for the financial year ended 30 June 2007

	Note	Consolidated		Parent Entity	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Receipts from customers		50,248	31,657	42,448	31,562
Payments to suppliers and employees		(40,289)	(27,681)	(31,530)	(27,596)
Income tax paid		(2,222)	-	(2,261)	-
Interest and other costs of finance paid		(591)	(192)	(341)	(191)
Net cash provided by/(used in) operating activities					
	5(b)	7,146	3,784	8,316	3,775
Cash flows from investing activities					
Interest received		328	486	344	486
Dividends received		1,000	-	1,000	-
Proceeds from property, plant and equipment		332	27	321	27
Payment for property, plant and equipment		(3,640)	(2,283)	(2,525)	(2,283)
Payment for intangible assets		-	(854)	-	(854)
Payment for business acquisitions		(5,426)	(162)	(5,426)	(198)
Net cash (used in)/provided by investing activities					
		(7,406)	(2,786)	(6,286)	(2,822)
Cash flows from financing activities					
Proceeds from issues of equity securities		-	13,500	-	13,500
Payment for share issue costs		-	(588)	-	(588)
Repayment of borrowings		(2,916)	(1,954)	(1,761)	(1,954)
Related party loans (net)		814	(1,573)	(3,044)	(1,573)
Dividends paid		(3,919)	(1,959)	(3,919)	(1,959)
Net cash provided by/(used in) financing activities					
		(6,021)	7,426	(8,724)	7,426
Net increase in cash and cash equivalents		(6,281)	8,424	(6,694)	8,379
Cash and cash equivalents at the beginning of the financial year		8,426	2	8,381	2
Cash and cash equivalents at the end of the financial year	5(a)	2,145	8,426	1,687	8,381

Notes to the financial statements are included on pages 26 to 67.

Notes to the financial statements

for the financial year ended 30 June 2007

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1. Corporate information

The financial report of Wellcom Group Limited (the Company) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 29 August 2007.

Wellcom Group Limited is a company limited by shares incorporated in Australia whose shares 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 separate financial statements for Wellcom Group Limited and the consolidated entity consisting of Wellcom Group Limited and its subsidiaries.

a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. 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 98/0100. The Company is an entity to which this class order applies.

b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The Financial Report also complies with International Financial Reporting Standards (IFRS).

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Wellcom Group Limited and its subsidiaries at 30 June each year (the group or consolidated entity). Subsidiaries comprise Wellcom Moving Images Pty Ltd and Kinkaid Pty Ltd.

Wellcom Moving Images Pty Ltd was acquired during the previous financial year and is 100% owned by Wellcom Group Limited. The consolidated financial statements include the results of Wellcom Moving Images Pty Ltd for the entire financial year. The financial statements of the subsidiary have been prepared using consistent accounting policies.

The acquisition of Kinkaid Pty Ltd (trading as Cadillac Printing) on 14 December 2006 has been accounted for using the purchase method of accounting.

The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. The consolidated financial statements include the results of Cadillac Printing for the period 14 December 2006 to 30 June 2007. The financial statements of Cadillac Printing have been prepared using consistent accounting policies. Kinkaid Pty Ltd (trading as Cadillac Printing) is 50% owned by Wellcom Group Limited. Accordingly, there are minority interests accounted for in the consolidated financial report.

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.

Minority interests not held by the Group are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from the parent shareholders' equity.

d) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Impairment of plant & equipment, goodwill and intangible assets

The consolidated entity determines whether plant & equipment, goodwill and intangibles are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the plant & equipment, goodwill and intangibles are allocated.

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 consolidated entity 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.

Dividend and Interest Revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

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 income statement over the period of the borrowings using the effective interest rate method.

g) Borrowing costs

Borrowing costs are expensed as they are incurred.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks 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 balance sheet.

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.

j) 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

The consolidated entity did not have any assets classified as “financial assets at fair value through profit or loss” during this reporting period.

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

Loans and receivables

i) *Trade receivables*

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

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

ii) *Loans and other receivables*

Loans and other receivables are recorded at amortised cost using the effective interest method less impairment.

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 balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is measured as follows:

Raw materials – purchase cost

Work in progress – cost of direct materials and labour and a proportion of operating overheads.

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

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Where foreign currency monetary items exist at reporting date, they are translated at the exchange rate existing at reporting date.

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 cash flow statement 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) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, 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. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

p) Impairment of assets

The consolidated entity reviews the carrying amounts of its tangible and intangible assets 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

q) 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 accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. 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.

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 income statement, 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.

r) Intangible assets

Intangible assets acquired in a business combination

All intangible assets acquired in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. All potential intangible assets are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised developments costs, are not capitalised and expenditure is recognised as an expense in the period incurred.

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether 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 consolidated entity 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.

s) Interest in a joint venture

The consolidated entity 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 consolidated entity determines whether it is necessary to recognise any additional impairment loss with respect to the consolidated entity's net investment in the joint venture. The consolidated income statement reflects the consolidated entity'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 consolidated balance sheet at cost plus post-acquisition changes in the consolidated entity's share of the net assets of the joint venture. The reporting dates of the joint venture and the consolidated entity are identical and the joint ventures accounting policies conform to those used by the consolidated entity for like transactions and events in similar circumstances.

t) 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.

Consolidated entity 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 balance sheet 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 against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

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

Lease incentives

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

u) 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.

v) 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 - 6 years
Printing plant & equipment	5 – 20 years
Equipment under finance lease	3 - 6 years
Office equipment	5 years
Furniture, fixtures & fittings	5 years

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.

w) Provisions

Provisions are recognised when the consolidated entity 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 consolidated entity 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.

x) Share-based payment transactions

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured as the market value of the security on the date of the grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed to the income statement.

The comparative figures of the consolidated entity reflect the issue of 138,000 shares in Wellcom Group Limited on 22 July 2005 under an employee share plan. The shares were issued to Wellcom Print Pty Ltd as trustee for 138 employees of Wellcom Group Limited who were entitled to 1,000 shares each. The shares were held in trust for a period of twelve (12) months and were transferred to those employees on 22 July 2006.

y) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

z) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets, including business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the asset given, shares issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at that date is an unreliable indicator of fair value and other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly to equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement, but only after reassessment of the identification and measurement of the net assets acquired.

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 company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

aa) 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.

bb) 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.

cc) Adoption of new accounting standards and interpretations

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which the Group has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2007. These are outlined below:

(i) AASB 7 *Financial Instruments: Disclosures* and AASB 2005-10 *Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the parent entity's financial instruments.

(ii) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]*

AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the parent entity's segments.

(iii) AASB-I 10 *Interim Financial Reporting and Impairment*

AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. The Group has not recognised an impairment loss in relation to goodwill, investments in equity instruments or financial assets carried at cost in an interim reporting period but subsequently reversed the impairment loss in the annual report. Application of the interpretation will therefore have no impact on the Group's or the parent entity's financial statements.

3. Profit from operations

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Revenue and expenses from operations				
(a) Revenue				
Revenue from the rendering of services	53,137	33,964	43,840	33,814
	<u>53,137</u>	<u>33,964</u>	<u>43,840</u>	<u>33,814</u>
(b) Other income				
Interest revenue (bank deposits)	341	496	357	496
Rental revenue	226	46	202	46
Net gains on disposal of property, plant & equipment	37	17	27	17
Other	161	2	161	2
	<u>765</u>	<u>561</u>	<u>747</u>	<u>561</u>
	<u>53,902</u>	<u>34,525</u>	<u>44,587</u>	<u>34,375</u>
(c) Employee benefits expense				
Salaries and wages	19,980	13,624	17,533	13,608
Fringe benefits tax	86	117	81	117
Share based payments	-	138	-	138
Staff amenities	81	52	80	52
	<u>20,147</u>	<u>13,931</u>	<u>17,694</u>	<u>13,915</u>
(d) Depreciation & amortisation expense				
Depreciation of non-current assets	2,808	1,720	2,430	1,710
Amortisation of non-current assets	722	862	719	861
	<u>3,530</u>	<u>2,582</u>	<u>3,149</u>	<u>2,571</u>
(e) Finance costs				
Interest on commercial bills	114	89	114	89
Other interest expense	445	241	227	241
Other finance costs	34	1	2	1
	<u>593</u>	<u>331</u>	<u>343</u>	<u>331</u>

4. Income Taxes

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(a) Income tax recognised in profit or loss				
Tax expense /(income) comprises:				
Current income tax expense/(income)	2,053	2,567	2,085	2,556
Deferred income tax expense/(income) relating to the origination and reversal of temporary differences	67	(526)	234	(524)
Current income charge in respect of previous years	197	-	197	-
Write-downs (reversals of previous write-downs) of deferred tax assets	-	(54)	-	(54)
Total income tax expense/(income)	<u>2,317</u>	<u>1,987</u>	<u>2,516</u>	<u>1,978</u>
Attributable to:				
Continuing operations	<u>2,317</u>	<u>1,987</u>	<u>2,516</u>	<u>1,978</u>

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	<u>7,879</u>	<u>7,519</u>	<u>8,637</u>	<u>7,488</u>
Income tax expense calculated at 30% (2006: 30%)	<u>2,364</u>	<u>2,256</u>	<u>2,591</u>	<u>2,246</u>
Donations	-	2	-	2
Non-deductible expenses	56	107	28	108
Other deductible expenses	-	(166)	-	(166)
Previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	-	(54)	-	(54)
Underprovision prior years	197	-	197	-
Non-assessable income	(300)	(158)	(300)	(158)
	<u>2,317</u>	<u>1,987</u>	<u>2,516</u>	<u>1,978</u>

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.

(b) Income tax recognised directly in equity

The following current and deferred amounts were charged directly to equity during the period:

Current tax:				
Share issue expenses	<u>-</u>	<u>358</u>	<u>-</u>	<u>358</u>
	<u>-</u>	<u>358</u>	<u>-</u>	<u>358</u>
Deferred tax:				
Net gain on revaluation of property, plant and equipment on acquisition	<u>(194)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(194)</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(c) Current tax assets and liabilities				
Current tax assets:				
Income tax refundable attributable to:				
Parent entity	-	-	-	-
Entities other than the parent entity	1	-	-	-
	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current tax liabilities:				
Income tax payable attributable to:				
Parent entity	2,411	1,949	2,411	1,949
Entities other than the parent entity	-	12	-	-
	<u>2,411</u>	<u>1,961</u>	<u>2,411</u>	<u>1,949</u>
(d) Deferred tax balances				
Deferred tax assets comprise:				
Temporary differences	1,444	974	995	972
	<u>1,444</u>	<u>974</u>	<u>995</u>	<u>972</u>
Deferred tax liabilities comprise:				
Temporary differences	618	162	373	162
	<u>618</u>	<u>162</u>	<u>373</u>	<u>162</u>

Consolidated 2007

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions/ Disposals/ Adjustments \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	4	(5)	-	7	6
Provisions	449	104	-	267	820
Intangible assets	199	(199)	-	-	-
Accruals	11	2	-	30	43
Share issue costs	286	(71)	-	-	215
Lease liabilities	25	(68)	-	103	60
Lease incentive	-	37	-	-	37
Tax losses	-	263	-	-	263
	974	63	-	407	1,444
Gross deferred tax liabilities:					
Property, plant and equipment	-	110	194	(59)	245
Intangible assets	-	179	-	-	179
Interest receivable	3	4	-	-	7
Investments in associates	159	(35)	-	-	124
Leased assets	-	(129)	-	191	62
Prepaid expenses	-	1	-	-	1
	162	130	194	132	618

Consolidated 2006

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	-	4	-	-	4
Provisions	380	69	-	-	449
Intangible assets	-	199	-	-	199
Accruals	2	9	-	-	11
Share issue costs	-	(72)	358	-	286
Lease liabilities	153	(128)	-	-	25
	535	81	358	-	974
Gross deferred tax liabilities:					
Interest receivable	-	3	-	-	3
Investments in associates	-	159	-	-	159
	-	162	-	-	162

Parent Entity 2007

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	4	2	-	-	6
Provisions	449	81	-	123	653
Intangible assets	198	(198)	-	-	-
Accruals	10	14	-	-	24
Share issue costs	286	(71)	-	-	215
Lease liabilities	25	(68)	-	103	60
Lease incentive	-	37	-	-	37
	972	(203)	-	226	995
Gross deferred tax liabilities:					
Intangible assets	-	179	-	-	179
Interest receivable	3	4	-	-	7
Investments in associates	159	(35)	-	-	124
Leased assets	-	(118)	-	180	62
Prepaid expenses	-	1	-	-	1
	162	31	-	180	373

Parent Entity 2006

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	-	4	-	-	4
Provisions	380	69	-	-	449
Intangible assets	-	198	-	-	198
Accruals	2	8	-	-	10
Share issue costs	-	(72)	358	-	286
Lease liabilities	153	(128)	-	-	25
	535	79	358	-	972
Gross deferred tax liabilities:					
Interest receivable	-	3	-	-	3
Investments in associates	-	159	-	-	159
	-	162	-	-	162

5. Cash and cash equivalents

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
a) Cash and cash equivalents				
Cash on hand	7	3	5	3
Cash at bank	1,518	2,432	1,062	2,387
Cash on deposit	620	5,991	620	5,991
Total cash and cash equivalents	2,145	8,426	1,687	8,381

Cash at bank and on hand earns interest at floating rates based upon daily bank 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 2007 is 6.20% (2006: 5.99%). Cash is placed on deposit for terms between "at call" to ninety (90) days depending upon bank interest rates and cashflow requirements of the consolidated entity. Cash on deposit at 30 June 2007 was deposited at call (2006: 60 days).

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

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

Net profit after income tax	5,562	5,532	6,121	5,510
Adjustments for non-cash income and expense items				
Depreciation of non-current assets	2,808	1,720	2,430	1,710
Amortisation of intangible assets	722	862	719	861
Loss (gain) on disposal of non-current assets	(37)	(17)	(27)	(17)
Share of jointly controlled entity's profit	(884)	(529)	(884)	(529)
Interest income received and receivable	(341)	(496)	(357)	(496)
Non-cash interest expense	3	178	2	179
Non-cash share based payments	-	138	-	138
Increase/decrease in assets/liabilities				
Trade and other receivables	(3,287)	(5,748)	(1,769)	(5,678)
Inventories	(82)	(184)	(256)	(184)
Other current assets	51	(40)	20	(39)
Other non-current assets	77	-	77	-
Trade and other payables	2,049	(139)	1,644	(171)
Income tax payable	450	1,961	462	1,949
Deferred tax balances	(370)	331	(219)	329
Provisions (employee entitlements)	425	215	353	213
Net cash from operating activities	7,146	3,784	8,316	3,775

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
c) Financing activities				
Secured bank finance facilities subject to annual review:				
- amount used	6,484	2,404	836	2,404
- amount unused	11,199	7,196	9,699	7,196
	<u>17,683</u>	<u>9,600</u>	<u>10,535</u>	<u>9,600</u>

6. Remuneration of auditors

Auditor of the parent entity

Audit/review of the half year financial report	32	29	26	29
Audit of the year end financial report	72	47	54	44
Taxation services	-	-	-	-
Other non-audit services	-	-	-	-
	<u>104</u>	<u>76</u>	<u>80</u>	<u>73</u>

The auditor of the Wellcom Group Limited and its wholly owned subsidiary is HLB Mann Judd. The auditor of Kinkaid Pty Ltd (trading as Cadillac Printing) is Ernst & Young. These did not change from the previous financial year.

7. Current trade and other receivables

Trade receivables	10,952	5,755	7,361	5,685
Allowance for doubtful debts	(29)	(13)	(20)	(13)
	<u>10,923</u>	<u>5,742</u>	<u>7,341</u>	<u>5,672</u>
Sundry debtors	2,181	-	2,168	-
Goods and services tax (GST) recoverable	-	6	-	6
Interest income receivable	23	10	23	10
Other	-	-	969	-
	<u>13,127</u>	<u>5,758</u>	<u>10,501</u>	<u>5,688</u>

Trade receivables are non-interest bearing and have average credit periods of thirty (30) to ninety (90) days. An allowance for doubtful debt is made when there is objective evidence that a trade receivable is impaired and 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.

8. Current inventories

Raw materials (at cost)	2,356	139	194	139
Work in progress (at cost)	426	45	314	45
	<u>2,782</u>	<u>184</u>	<u>508</u>	<u>184</u>

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000

9. Other current assets

Prepayments	127	83	83	83
Other	8	29	8	26
	<u>135</u>	<u>112</u>	<u>91</u>	<u>109</u>

10. Investments accounted for using the equity method

Investments in jointly controlled entities	<u>3,714</u>	<u>3,829</u>	<u>3,714</u>	<u>3,829</u>
	3,714	3,829	3,714	3,829

Financial information of jointly controlled entities	2007	2006
	\$'000	\$'000
Current assets	10,680	10,230
Non-current assets	<u>161</u>	<u>219</u>
	10,841	10,449
Current liabilities	8,212	7,578
Non-current liabilities	<u>17</u>	<u>20</u>
	8,229	7,598
Net assets	<u>2,612</u>	<u>2,851</u>
Income	49,426	44,441
Expenses	<u>46,911</u>	<u>42,929</u>
Share of jointly controlled entity's profit	2,515	1,512
Income tax expense	<u>(755)</u>	<u>(454)</u>
Share of jointly controlled entity's net profit after tax	<u>1,760</u>	<u>1,058</u>
Share of jointly controlled entity's net profit after tax attributable to the consolidated entity	880	529
Adjustment to recognised share of profit of the jointly controlled entity for the year ended 30 June 2006	4	-
Share of jointly controlled entity's net profit after tax recognised by the consolidated entity	<u>884</u>	<u>529</u>

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 consolidated entity received total dividends of \$1,000,000 (2006: nil) during the financial year from its jointly controlled entity. An interim dividend of \$500,000 was received on 6 December 2006 with a final dividend of \$500,000 received on 30 May 2007. Both dividends were fully franked.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000

11. Other non current financial assets

Shares in subsidiaries at cost:

Shares in Wellcom Moving Images Pty Ltd	-	-	200	200
Shares in Kinkaid Pty Ltd (trading as Cadillac Printing)	-	-	3,017	-
	-	-	3,217	200

Other financial assets comprise of investments in the ordinary issued capital of:

Wellcom Moving Images Pty Ltd	100% owned (a wholly owned subsidiary).
Kinkaid Pty Ltd (trading as Cadillac Printing)	50% owned (deemed a controlled entity)

The above companies are incorporated in Australia.

There are no fixed returns or a fixed maturity date attached to either of these investments. The fair value of unlisted other financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, the unlisted investment is reflected at cost.

12. Property, plant and equipment

Consolidated	Plant and equipment	Leasehold improvements	Furniture and fittings	Equipment under finance lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2005					
At cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	-	-
Year ended 30 June 2006					
Opening net book amount	-	-	-	-	-
Additions	1,350	690	18	-	2,058
Acquisitions through business acquisitions	3,527	396	331	56	4,310
Disposals	(108)	(18)	(21)	-	(147)
Depreciation charge	(1,485)	(117)	(100)	(18)	(1,720)
	3,284	951	228	38	4,501
At 30 June 2006					
At cost	4,738	1,051	291	56	6,136
Accumulated depreciation	(1,454)	(100)	(63)	(18)	(1,635)
Net book amount	3,284	951	228	38	4,501

Consolidated	Plant and equipment	Leasehold improve- ments	Furniture and fittings	Equipment under finance lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2007					
Opening net book amount	3,284	951	228	38	4,501
Additions	2,504	52	47	1,037	3,640
Acquisitions through business acquisitions	1,924	198	40	5,892	8,054
Disposals	(4)	-	-	(291)	(295)
Depreciation charge	(2,260)	(235)	(70)	(243)	(2,808)
Closing net book amount	5,448	966	245	6,433	13,092
At 30 June 2007					
At cost	9,142	1,301	378	6,694	17,515
Accumulated depreciation	(3,694)	(335)	(133)	(261)	(4,423)
Net book amount	5,448	966	245	6,433	13,092
Parent entity					
At 1 July 2005					
At cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	-	-
Year ended 30 June 2006					
Opening net book amount	-	-	-	-	-
Additions	1,350	690	18	-	2,058
Acquisitions through business acquisitions	3,428	396	329	56	4,209
Disposals	(108)	(18)	(21)	-	(147)
Depreciation charge	(1,475)	(117)	(100)	(18)	(1,710)
	3,195	951	226	38	4,410
At 30 June 2006					
At cost	4,639	1,051	288	56	6,034
Accumulated depreciation	(1,444)	(100)	(62)	(18)	(1,624)
Net book amount	3,195	951	226	38	4,410
Year ended 30 June 2007					
Opening net book amount	3,195	951	226	38	4,410
Additions	2,451	34	40	-	2,525
Acquisitions through business acquisitions	878	163	32	599	1,672
Disposals	(4)	-	-	(291)	(295)
Depreciation charge	(2,051)	(233)	(68)	(78)	(2,430)
	4,469	915	230	268	5,882
At 30 June 2007					
At cost	7,992	1,248	360	318	9,918
Accumulated depreciation	(3,523)	(333)	(130)	(50)	(4,036)
Net book amount	4,469	915	230	268	5,882

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
13. Goodwill				
At beginning of financial period				
At cost	23,658	-	23,609	-
Accumulated impairment losses	-	-	-	-
Net book amount	23,658	-	23,609	-
During the financial period				
Opening net book amount	23,658	-	23,609	-
Additions through business acquisitions (note 27)	3,417	22,801	1,990	22,752
Other	407	857	407	857
Impairment losses for the year	-	-	-	-
Closing net book amount	27,482	23,658	26,006	23,609
At end of financial period				
At cost	27,482	23,658	26,006	23,609
Accumulated impairment losses	-	-	-	-
Net book amount	27,482	23,658	26,006	23,609
b) Impairment testing of goodwill with indefinite useful lives				
Pre-media - Australia	24,065	23,658	24,016	23,609
Digital House - Victoria	1,808	-	1,808	-
Image Studios - Queensland	182	-	182	-
Cadillac Printing - South Australia	1,427	-	-	-
Total Goodwill	27,482	23,658	26,006	23,609

During the financial period, the consolidated entity assessed the recoverable amount of goodwill and determined that no write-down of the carrying amount of goodwill was necessary. The recoverable amount of each cash-generating unit was assessed by reference to the value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period.

The carrying amount of goodwill allocated to each of the cash-generating units indicated above accounts for 100% of the consolidated entity's goodwill (Company: 100%).

Key assumptions:

Revenue growth rates are based on past performance, known variations, or 5% where a reasonable estimate is not available. Gross margins are based on past performance adjusted for future expectations.

14. Other intangible assets

Consolidated	Customer list	Customer contracts	Software database	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2005					
Cost	-	-	-	-	-
Accumulated amortisation and impairment losses	-	-	-	-	-
Net book amount	-	-	-	-	-
Year ended 30 June 2006					
Opening net book amount	-	-	-	-	-
Additions through business acquisitions (note 27)	954	820	442	12	2,228
Other	-	-	166	-	166
Amortisation charge*	(385)	(275)	(201)	(1)	(862)
Impairment losses	-	-	-	-	-
	569	545	407	11	1,532
At 30 June 2006					
Cost	954	820	608	12	2,394
Accumulated amortisation and impairment losses	(385)	(275)	(201)	(1)	(862)
Net book amount	569	545	407	11	1,532
Year ended 30 June 2007					
Opening net book amount	569	545	407	11	1,532
Additions through business acquisitions (note 27)	-	-	-	-	-
Other	-	-	12	-	12
Amortisation charge*	(271)	(247)	(201)	(3)	(722)
Impairment losses	-	-	-	-	-
Closing net book amount	298	298	218	8	822
At 30 June 2007					
Cost	954	820	620	12	2,406
Accumulated amortisation and impairment losses	(656)	(522)	(402)	(4)	(1,584)
Net book amount	298	298	218	8	822

* Amortisation of \$722,000 (2006: \$862,000) is included in depreciation and amortisation in the income statement.

Parent entity	Customer list \$'000	Customer contracts \$'000	Software database \$'000	Other \$'000	Total \$'000
At 1 July 2005					
Cost	-	-	-	-	-
Accumulated amortisation and impairment losses	-	-	-	-	-
Net book amount	-	-	-	-	-
Year ended 30 June 2006					
Opening net book amount	-	-	-	-	-
Additions through business acquisitions (note 27)	954	820	442	-	2,216
Other	-	-	166	-	166
Amortisation charge*	(385)	(275)	(201)	-	(861)
Impairment losses	-	-	-	-	-
	569	545	407	-	1,521
At 30 June 2006					
Cost	954	820	608	-	2,382
Accumulated amortisation and impairment losses	(385)	(275)	(201)	-	(861)
Net book amount	569	545	407	-	1,521
Year ended 30 June 2007					
Opening net book amount	569	545	407	-	1,521
Additions through business acquisitions (note 27)	-	-	-	-	-
Other	-	-	12	-	12
Amortisation charge*	(271)	(247)	(201)	-	(719)
Impairment losses	-	-	-	-	-
Closing net book amount	298	298	218	-	814
At 30 June 2007					
Cost	954	820	620	-	2,394
Accumulated amortisation and impairment losses	(656)	(522)	(402)	-	(1,580)
Net book amount	298	298	218	-	814

* Amortisation of \$719,000 (2006: \$861,000) is included in depreciation and amortisation in the income statement.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
15. Other non-current assets				
Deposits paid	3	80	3	80
	<u>3</u>	<u>80</u>	<u>3</u>	<u>80</u>
16. Current trade and other payables				
Unsecured				
Trade payables	4,770	759	2,157	743
Goods and services tax (GST) payable	1,423	364	1,132	353
Other	314	462	210	456
	<u>6,507</u>	<u>1,585</u>	<u>3,499</u>	<u>1,552</u>

The average credit period on purchases of goods and services is thirty (30) days. No interest is charged on the trade payables. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

17. Short term borrowings

Secured				
Commercial bills (at amortised cost)	-	981	-	981
Finance lease liabilities (note 26)	324	410	324	410
Hire purchase liabilities (note 26)	856	259	332	259
Unsecured				
Other loans*	93	-	-	-
	<u>1,273</u>	<u>1,650</u>	<u>656</u>	<u>1,650</u>

* Other loans are repayable over a ten (10) year period at an interest rate of 7% - refer note 30 - Related parties.

18. Current provisions

Employee benefits	2,369	1,306	1,992	1,302
	<u>2,369</u>	<u>1,306</u>	<u>1,992</u>	<u>1,302</u>

19. Long term borrowings

Long term borrowings				
Secured				
Hire purchase liabilities (note 26)	5,343	290	217	290
Unsecured				
Other loans*	721	-	-	-
	<u>6,064</u>	<u>290</u>	<u>217</u>	<u>290</u>

* Other loans are repayable over a ten (10) year period at an interest rate of 7% - refer note 30 - Related parties.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
20. Non-current provisions				
Employee benefits	292	194	184	194
Makegood provision	75	-	-	-
	<u>367</u>	<u>194</u>	<u>184</u>	<u>194</u>

Provision has been made for the estimated cost ("makegood") to restore leasehold property to its former state prior to occupancy. The current lease is to expire in June 2008. The costs have been measured at present value.

Movement in provisions: Makegood

Carrying amount at the beginning of the year	-	-	-	-
Assumed on acquisition of business	75	-	-	-
Carrying amount at year end	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>

21. Contributed equity

39,190,001 (2006: 39,190,001) fully paid ordinary shares*	38,355	38,355	38,355	38,355
	<u>38,355</u>	<u>38,355</u>	<u>38,355</u>	<u>38,355</u>

*Fully paid ordinary shares (Consolidated and parent entity)	2007		2006	
	No. '000	\$ '000	No. '000	\$ '000
Balance at beginning of financial period	39,190	38,355	25,052	25,052
Issue of shares				
- initial public offering	-	-	14,000	14,000
- under employee share	-	-	138	138
Share issue costs (net of tax)	-	-	-	(835)
Balance at end of financial period	<u>39,190</u>	<u>38,355</u>	<u>39,190</u>	<u>38,355</u>

*Fully paid ordinary shares carry one voting right per share and carry the right to receive dividends.

22. Retained earnings

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial period	3,551	(22)	3,529	(22)
Net profit attributable to members of the parent	5,824	5,532	6,121	5,510
Dividends paid or provided for (note 24)	(3,919)	(1,959)	(3,919)	(1,959)
Balance at end of financial period	<u>5,456</u>	<u>3,551</u>	<u>5,731</u>	<u>3,529</u>

23. Earnings per share

	Consolidated 2007 Cents	Consolidated 2006 Cents
a) Basic earnings per share		
- from continuing operations	14.86	14.42
- from discontinued operations	-	-
Total basic earnings per share	<u>14.86</u>	<u>14.42</u>
b) Diluted earnings per share		
- from continuing operations	14.86	14.42
- from discontinued operations	-	-
Total diluted earnings per share	<u>14.86</u>	<u>14.42</u>
c) Reconciliations of earnings used in calculating earnings per share		
	\$'000	\$'000
<i>Basic earnings per share</i>		
Profit from continuing operations	5,562	5,532
Profit (Loss) from continuing operations attributable to minority interests	(262)	-
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	<u>5,824</u>	<u>5,532</u>
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	5,824	5,532
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	<u>5,824</u>	<u>5,532</u>
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	38,376
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>39,190</u>	<u>38,376</u>

24. Dividends

	Consolidated 2007		Consolidated 2006	
	Cents	\$'000	Cents	\$'000
a) Fully paid ordinary shares				
<i>Final dividend</i>				
Fully franked for the year ended 30 June 2006, paid 23 September 2006 (2005: n/a)	5	1,959.5	-	-
<i>Interim dividend</i>				
Fully franked for the year ended 30 June 2007, paid 31 March 2007	5	1,959.5	-	-
Unfranked for the year ended 30 June 2006, paid 31 March 2006		-	5	1,959.5
	10	3,919.0	5	1,959.5

b) Dividends not recognised at year end

<i>Final dividend</i>				
Fully franked final dividend for the year ended 30 June 2007, to be paid 4 October 2007 (2006: 30 September 2006)	6	2,351.4	5	1,959.5
	6	2,351.4	5	1,959.5

c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2007.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2006: 30%).	3,882	-	2,967	-

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

- franking credits that will arise from the payment of the amount of the provision for income tax
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- 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 \$1.01m (2006: \$0.84m).

25. Financial instruments

a) Financial and risk management policies

The Group's principle financial instruments comprise finance leases and hire purchase contracts, other loans and cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

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 of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a fixed interest rate.

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. As at 30 June 2007 the Group had approximately \$6.5m of fixed lease finance and hire purchase funding maturing over the next 5 years.

Credit risk

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Business Unit Manager and Chief Financial Officer.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure to the carrying amount of these instruments.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and hire purchase contracts.

The Group's policy is that not more than 30% of borrowings should mature in any 12-month period, subject to the amount being greater than \$2m. At 30 June 2007, 18% of the Group's debt will mature in less than one year (2006: 70%, but less than \$2m).

b) Fair values

Set out below is a comparison of the carrying amount and fair value of the consolidated entity's financial instruments, by category, recognised for the year ended 30 June 2007.

	Consolidated		Parent entity	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash (note 5)	2,145	2,145	1,687	1,687
Trade receivables (note 7)	10,923	10,923	7,341	7,341
	<u>13,068</u>	<u>13,068</u>	<u>9,028</u>	<u>9,028</u>
Financial liabilities				
Trade and other payables (note 16)	6,507	6,507	3,499	3,499
Interest bearing loans and borrowings				
- obligations under finance lease (note 17)	324	324	324	324
- obligations under hire purchase (note 17 & 19)	6,199	6,199	549	549
- fixed rate borrowings	814	814	-	-
	<u>13,844</u>	<u>13,844</u>	<u>4,372</u>	<u>4,372</u>

The fair values of financial assets have been calculated using market interest rates.

The fair values of borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates.

c) Interest rate risk

The carrying amount, by maturity, of the financial instruments exposed to interest rate risk, for the year ended 30 June 2007 are outlined below:

<u>Consolidated</u>	< 1 year \$ '000	1 - 5 years \$ '000	> 5 years \$ '000	Total \$ '000
Financial assets				
<i>Floating rate</i>				
Cash assets*	2,145	-	-	2,145
	2,145	-	-	2,145
*Balance includes cash on hand which is non interest bearing				
<i>Weighted average interest rate</i>	5.83%			
Financial liabilities				
<i>Floating rate</i>				
Obligations under finance lease (note 17)	324	-	-	324
Obligations under hire purchase (note 17 & 19)	856	5,343	-	6,199
	1,180	5,343	-	6,523
<i>Weighted average interest rate</i>	6.86%	7.50%		
<i>Fixed rate</i>				
Fixed rate borrowings (note 17 & 19)	93	426	295	814
	93	426	295	814
<i>Weighted average interest rate</i>	7.00%	7.00%	7.00%	
<u>Parent entity</u>				
Financial assets				
<i>Floating rate</i>				
Cash assets*	1,687	-	-	1,687
	1,687	-	-	1,687
*Balance includes cash on hand which is non-interest bearing				
<i>Weighted average interest rate</i>	6.00%			
Financial liabilities				
<i>Floating rate</i>				
Obligations under finance lease (note 17)	324	-	-	324
Obligations under hire purchase (note 17 & 19)	332	217	-	549
	656	217	-	873
<i>Weighted average interest rate</i>	6.37%	8.08%		

Year ended 30 June 2006**a) Fair values**

Set out below is a comparison of the carrying amount and fair value of the consolidated entity's financial instruments, by category, recognised for the year ended 30 June 2006.

	Consolidated		Parent entity	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash (note 5)	8,426	8,426	8,381	8,381
Trade receivables (note 7)	5,742	5,742	5,672	5,672
	<u>14,168</u>	<u>14,168</u>	<u>14,053</u>	<u>14,053</u>
Financial liabilities				
Trade payables (note 16)	1,585	1,585	1,552	1,552
Interest bearing loans and borrowings				
- obligations under finance lease (note 17)	410	410	410	410
- obligations under hire purchase (note 17 & 19)	549	549	549	549
- fixed rate borrowings (note 17)	981	981	981	981
	<u>3,525</u>	<u>3,525</u>	<u>3,492</u>	<u>3,492</u>

The fair values of financial assets have been calculated using market interest rates.

The fair values of borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates.

b) Interest rate risk

The carrying amount, by maturity, of the financial instruments exposed to interest rate risk for the year ended 30 June 2006 are outlined below:

<u>Consolidated</u>	< 1 year	1 - 5 years	> 5 years	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Financial assets				
<i>Floating rate</i>				
Cash assets*	8,426	-	-	8,426
	<u>8,426</u>	<u>-</u>	<u>-</u>	<u>8,426</u>
*Balance includes cash on hand which is non-interest bearing				
<i>Weighted average interest rate</i>		5.70%		
Financial liabilities				
<i>Fixed rate</i>				
Obligations under finance lease (note 17)	410	-	-	410
Obligations under hire purchase (note 17 & 19)	259	290	-	549
	<u>669</u>	<u>290</u>	<u>-</u>	<u>959</u>
<i>Weighted average interest rate</i>	7.26%	7.63%		
<i>Floating rate</i>				
Fixed rate borrowings (note 17)	981	-	-	981
	<u>981</u>	<u>-</u>	<u>-</u>	<u>981</u>
<i>Weighted average interest rate</i>	6.26%			

<u>Parent entity</u>	< 1 year \$ '000	1 - 5 years \$ '000	> 5 years \$ '000	Total \$ '000
Financial assets				
<i>Floating rate</i>				
Cash assets*	8,381	-	-	8,381
	8,381	-	-	8,381
*Balance includes cash on hand which is non-interest bearing				
<i>Weighted average interest rate</i>	5.70%			
Financial liabilities				
<i>Fixed rate</i>				
Obligations under finance lease (note 17)	410	-	-	410
Obligations under hire purchase (note 17 & 19)	259	290	-	549
	669	290	-	959
<i>Weighted average interest rate</i>	7.26%	7.63%		
<i>Floating rate</i>				
Fixed rate borrowings (note 17)	981	-	-	981
	981	-	-	981
<i>Weighted average interest rate</i>	6.26%			

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000

26. Commitments for expenditure

a) Plant and equipment

Within one year	-	612	-	612
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	612	-	612

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

b) Lease commitments

Group as lessee

i) Operating leases - building rental

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

Within one year	1,683	1,261	1,491	1,261
Later than one year but not later than five years	-	2,460	-	2,460
Later than five years	4,475	-	4,419	-
	6,158	3,721	5,910	3,721

ii) Finance lease and hire purchase

The consolidated entity finances various plant and equipment under lease or hire purchase finance expiring within one to five years. Under the terms of the leases the consolidated entity 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	1,539	744	596	744
Later than one year but not later than five years	6,520	271	260	271
Later than five years	-	-	-	-
Minimum payments*	8,059	1,015	856	1,015
Future finance charges	(1,660)	(56)	(107)	(56)
Recognised as a liability	6,399	959	749	959
Lease incentives in relation to non-leases included in lease liabilities	124	-	124	-
Total lease liabilities	6,523	959	873	959
Representing:				
Finance liabilities				
- Current (note 17)	1,180	669	656	669
- Non-current (note 19)	5,343	290	217	290
	6,523	959	873	959

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

27. Acquisition of businesses

Year ended 30 June 2007

Acquisition of business and assets of Imagesetter Pty Ltd (trading as Digital House)

On 1 September 2006, the Company acquired the business and selected assets and liabilities of Imagesetter Pty Ltd (trading as Digital House), a pre-media, digital print and computer to plate business, for a cash consideration of \$2.3m. The business is located in Melbourne. The acquisition included trade names, plant and equipment, certain financial liabilities and employee leave provisions together with stock and work in progress. \$0.3m of the consideration payable is subject to certain performance hurdles measurable over the twelve (12) months from completion.

The acquired business contributed revenues of \$3.2m and net profit of \$0.69m to the consolidated entity for the period from 1 September 2006 to 30 June 2007. If the acquisition had occurred on 1 July 2006 the contribution to revenue and consolidated profit would not have been materially different.

Acquisition of business and assets of Image Studio and Design Pty Ltd (trading as Image Studios)

On 1 November 2006, the Company acquired the business and selected assets and liabilities of Image Studio and Design Pty Ltd (trading as Image Studios), a pre-media, sheet fed printing and computer to plate business, for a cash consideration of \$0.35m. The business is located in Brisbane. The acquisition included trade names, plant and equipment, certain financial liabilities and employee leave provisions together with stock and work in progress. The acquired business contributed revenues of \$3.3m and net loss of \$0.07m to the consolidated entity for the period from 1 November 2006 to 30 June 2007. If the acquisition had occurred on 1 July 2006 the contribution to revenue and consolidated profit would not have been materially different.

Acquisition of shares in Kinkaid Pty Ltd (trading as Cadillac Printing)

On 14 December 2006, the Company acquired 50% of the shares in Kinkaid Pty Ltd (trading as Cadillac Printing), a web printing business, for a cash consideration of \$3m. The business is located in North Plympton, South Australia. As the only other shareholder of Kinkaid Pty Ltd is associated with Wellcom Group Limited's major shareholder, it has been deemed that the Company has effective control of the entity and has therefore consolidated the business of Cadillac Printing for accounting purposes. The consideration also included the assumption of a vendor loan.

The acquired business contributed revenues of \$9.6m and net loss (after tax) of \$0.26m to the consolidated entity for the period 14 December 2006 to 30 June 2007. If the acquisition had occurred on 1 July 2006 the contribution to consolidated revenue would have been \$17.6m and the contribution to profit attributable to members would have been a loss of \$0.20m.

Year ended 30 June 2006

Acquisition of shares in iPrint Corporate Pty Ltd

On 30 June 2005, the Company acquired 50% of the shares in iPrint Corporate Pty Ltd from Well.com Pty Ltd. This shareholding represented Well.com Pty Ltd's entire shareholding in iPrint Corporate Pty Ltd.

The acquisition was funded by a share issue of 3,300,000 ordinary shares in Wellcom Group Limited. The share price was based upon the application price of the shares in the initial public offering of Wellcom Group Limited on 22 July 2005 of \$1.00 per share.

Well.com Pty Ltd's share of the net assets of iPrint Corporate Pty Ltd on acquisition date were \$0.9m, resulting in \$2.4m goodwill inherent within the transaction.

Acquisition of business and assets of Well.com Pty Ltd

On 30 June 2005, the Company acquired the business and selected assets and liabilities of Well.com Pty Ltd, a pre-media business, for a consideration of \$21.8m. The business operates out of Victoria, New South Wales and South Australia. The acquisition included trade names, plant and equipment, certain financial liabilities and employee leave provisions together with stock and work in progress.

The acquisition was funded by a share issue of 21,752,000 ordinary shares in Wellcom Group Limited.

The acquisition formed the basis of the business operations in the consolidated entity.

Acquisition of shares in Wellcom Moving Images Pty Ltd

Wellcom Group Limited acquired 100% of the ordinary share capital of Wellcom Moving Images Pty Ltd on the 8th March, 2006 for a cash consideration of \$0.2m. Wellcom Moving Images Pty Ltd then acquired the television production business of Editco on the 15th March, 2006. Wellcom Moving Images Pty Ltd acquired the plant & equipment, intangible assets and goodwill only of Editco for a consideration of \$0.16m. If the acquisition had occurred on 1 July 2006 the contribution to revenue and consolidated profit would not have been materially different.

Year ended 30 June 2007

	Digital House		Image Studios		Cadillac Printing		Total
	Book value	Fair value on acquisition	Book value	Fair value on acquisition	Book value	Fair value on acquisition	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	-	-	-	-	-	-
Receivables	-	-	-	-	4,082	4,082	4,082
Inventories	27	27	41	41	2,448	2,448	2,516
Property, plant and equipment	1,022	1,022	650	650	5,733	6,382	8,054
Intangible assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	230	230	230
Other assets	-	-	-	-	79	79	79
Trade and other payables	-	-	-	-	(2,575)	(2,575)	(2,575)
Borrowings	(471)	(471)	(223)	(223)	(6,805)	(6,805)	(7,499)
Provisions	(77)	(77)	(249)	(249)	(485)	(485)	(811)
Deferred tax liabilities	-	-	-	-	16	(179)	(179)
Total	501	501	219	219	2,723	3,177	3,897
Minority interests	-	-	-	-	454	(1,589)	(1,589)
Fair value of identifiable net assets attributable to equity holders of the parent	501	501	219	219	2,723	3,177	2,309
Goodwill arising on acquisition	1,808	1,808	182	182	-	-	1,427
Total cost of business combination	2,309	2,309	401	401	401	3,016	3,417
Cost of the combination							
Cash paid as consideration	2,000	2,000	391	391	-	-	3,000
Direct acquisition costs	9	9	10	10	-	-	16
Balance of consideration payable	300	300	-	-	-	-	300
Total cost of business combination	2,309	2,309	401	401	401	3,016	5,726
Cash outflow on acquisition							
Cash paid as consideration	(2,000)	(2,000)	(391)	(391)	-	-	(3,000)
Direct acquisition costs	(9)	(9)	(10)	(10)	-	-	(16)
Net cash outflow	(2,009)	(2,009)	(401)	(401)	(401)	(3,016)	(5,426)

Year ended 30 June 2006	Well.com Pty Ltd			Wellcom Movings Images Pty Ltd			Total
	Book value	Fair value adjustment	Fair value on acquisition	Book value	Fair value adjustment	Fair value on acquisition	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents	4,407	-	4,407	-	-	-	4,407
Receivables	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Property, plant and equipment	4,209	-	4,209	101	-	101	4,310
Intangible assets	1,582	793	2,375	12	-	12	2,387
Deferred tax assets	-	385	385	-	-	-	385
Other assets	329	(124)	205	-	-	-	205
Trade and other payables	(1,544)	-	(1,544)	-	-	-	(1,544)
Borrowings	(10,009)	144	(9,865)	-	-	-	(9,865)
Provisions	(1,284)	112	(1,172)	-	-	-	(1,172)
Deferred tax liabilities	-	-	-	-	-	-	-
Total	(2,310)	1,310	(1,000)	113	-	113	(887)
Minority interests			-			-	-
Fair value of identifiable net assets attributable to equity holders of the parent			(1,000)			113	(887)
Goodwill arising on acquisition			<u>22,752</u>			<u>49</u>	<u>22,801</u>
Total cost of business combination			<u>21,752</u>			<u>162</u>	<u>21,914</u>
Cost of the combination							
Cash paid as consideration			-			162	162
Direct acquisition costs			-			-	-
Ordinary shares issued as consideration			21,752			-	21,752
Balance of consideration payable			-			-	-
Total cost of business combination			<u>21,752</u>			<u>162</u>	<u>21,914</u>
Cash outflow on acquisition							
Cash paid as consideration			-			(162)	(162)
Direct acquisition costs			-			-	-
Net cash outflow			<u>-</u>			<u>(162)</u>	<u>(162)</u>

28. Segment information

The economic entity operates predominantly in one business and geographical segment being premedia and data management and despatch throughout Australia.

29. Key management personnel remuneration

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

- Wayne Sidwell (Executive Chairman, Chief Executive Officer)
- Charles Anzarut (Non-executive Director)
- Kerry Smith (Non-executive Director)
- Katrina Romanin (Executive Director, Company Secretary, Chief Financial Officer)^

^ Katrina Romanin resigned as a Director and Company Secretary on 19 March 2007.

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

- Michael Bettridge (General Manager New South Wales)
- Mark Parker (General Manager Victoria)
- Stephen Rees (General Manager South Australia)
- Julian Graham (Company Secretary, Chief Financial Officer)^

^^ Julian Graham was appointed Company secretary on 19 March 2007.

The consolidated entity has entered into employment contracts with all key management personnel of the Company and its subsidiaries comprising the consolidated entity. 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.

The remuneration of the key management personnel for the period ending 30 June 2007 is included in the following schedule:

Name	Primary Benefits			Post Employment Benefits	Total
	Cash salary & fees \$'000	Cash bonus \$'000	Non-benefits \$'000	Super-annuation \$'000	
Directors' remuneration					
W.W. Sidwell	212	-	71	67	350
C.A. Anzarut	30	-	-	20	50
K.B Smith	-	-	-	50	50
K.R. Romanin	82	-	17	7	106
	324	-	88	144	556
Other key management personnel					
M. Bettridge	162	20	44	13	239
M. Parker	135	-	25	40	200
S. Rees	166	20	-	34	220
L.J. Graham	114	18	-	30	162
	577	58	69	117	821

30. Related party disclosures**a) Equity interest in related parties****Equity interests in subsidiaries:**

The percentage of ordinary shares held by the Company in subsidiaries are:

Wellcom Moving Images Pty Ltd	100%
Kinkaid Pty Ltd (trading as Cadillac Printing)	50%

The 50% of shares in Kinkaid Pty Ltd not owned by Wellcom Group Limited is controlled by entities associated with Mr W.W. Sidwell.

Equity interests in associates and joint ventures:

Interests held by the Consolidated entity in associates, joint ventures and jointly controlled entities consist of:

iPrint Corporate Pty Ltd	50%
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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

Details of key management personnel remuneration are disclosed in note 29 to the financial statements.

c) 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:

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Revenues				
Interest received	-	-	-	-
Total recognised as revenue	-	-	-	-
Expenses				
Interest expense	32	-	-	-
Other	-	-	-	-
Total recognised as expenses	32	-	-	-

Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with directors or their personally-related entities as at reporting date:

Assets				
Current	-	-	-	-
Non-current	-	-	-	-
	-	-	-	-

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

Liabilities				
Current	93	-	-	-
Non-current	721	-	-	-
	814	-	-	-

d) Key management personnel equity holdings

Fully paid ordinary shares held in Wellcom group Limited

Year ended 30 June 2007	Opening balance 01.07.06 '000	Granted as remuneration '000	Otherwise acquired (disposed) '000	Closing balance 30.06.07 '000	Balance held nominally '000
Directors					
W.W. Sidwell	25,430	-	(230)	25,200	-
C.A. Anzarut	-	-	20	20	-
K.B Smith	-	-	-	-	-
K.R. Romanin	25	-	7	32	-
	<u>25,455</u>	<u>-</u>	<u>(203)</u>	<u>25,252</u>	<u>-</u>
Other key management personnel					
M. Bettridge	50	-	70	120	-
M. Parker	-	-	50	50	-
S. Rees	25	-	(15)	10	-
L.J. Graham	-	-	47	47	-
	<u>75</u>	<u>-</u>	<u>152</u>	<u>227</u>	<u>-</u>
	<u>25,530</u>	<u>-</u>	<u>(51)</u>	<u>25,479</u>	<u>-</u>
Year ended 30 June 2006					
Year ended 30 June 2006	Opening balance 01.07.05 '000	Granted as remuneration '000	Otherwise acquired/ disposed '000	Closing balance 30.06.06 '000	Balance held nominally '000
Directors					
W.W. Sidwell	-	-	25,430	25,430	230
C.A. Anzarut	-	-	-	-	-
K.B Smith	-	-	-	-	-
K.R. Romanin	-	-	25	25	-
	<u>-</u>	<u>-</u>	<u>25,455</u>	<u>25,455</u>	<u>230</u>
Other key management personnel					
M. Bettridge	-	-	50	50	-
M. Parker	-	-	-	-	-
S. Rees	-	-	25	25	-
L.J. Graham	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>75</u>	<u>75</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>25,530</u>	<u>25,530</u>	<u>230</u>

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000

e) Other transactions with directors

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

Revenue and expenses arising from related party transactions (non loan)

Revenues

Other	-	-	-	-
Total recognised as revenue	-	-	-	-

Expenses

Legal fees	49	45	49	45
Rent	543	91	543	91
Total recognised as expenses	592	136	592	136

Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with directors or their personally-related entities as at reporting date:

Assets

Current	-	-	-	-
Non-current	-	-	-	-
	-	-	-	-

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

Liabilities

Current	20	-	-	-
Non-current	-	-	-	-
	20	-	-	-

f) Transactions with related parties

Related parties include:

- the parent entity;
- entities with joint control or significant influence over the consolidated entity;
- associates;
- joint ventures in which the Company is a venturer;
- subsidiaries;
- key management personnel of the consolidated entity;
- other related parties.

31. 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial periods.

Dividends

On 29 August 2007, the Company declared a final dividend of 6 cents per ordinary share, payable from profits for the year ended 30 June 2007. The total final dividend proposed is \$2,351,400 and will be franked to 100%. The record date for determining entitlements to the dividend is 15 September 2007.

32. 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 4
333 Collins Street
Melbourne Victoria 3207

ASX additional information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 16 August 2007.

a) Distribution of equity securities

39,190,001 fully paid ordinary shares are held by 726 shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

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

1 - 1,000	162
1,001 – 5,000	256
5,001 – 10,000	168
10,001 – 100,000	125
100,000 and over	15
Total shareholders	726

The number of security holders holding less than a marketable parcel of 170 securities (\$2,950 on 16 August 2007) was nil.

b) Substantial shareholders

	Fully paid ordinary shares	
	Number	Percentage (%)
Well.com Pty Ltd	25,052,001	63.92%
	25,052,001	63.92%

c) Twenty largest holders of quoted equity securities

	Fully paid ordinary shares	
	Number	Percentage
Well.com Pty Ltd	25,052,001	63.92%
ANZ Nominees Limited	1,900,000	4.85%
Cogent Nominees Pty Limited	1,643,679	4.19%
Mirrabooka Investments Limited	1,600,000	4.08%
Invia Custodian Pty Limited	772,990	1.97%
RBC Dexia Investor Services Australia	502,700	1.28%
Seymour Group Pty Ltd	400,000	1.02%
Growth Equities Accumulation Limited	246,814	0.63%
Queensland Investment Corporation	231,455	0.59%
Mrs Melinda Tickel	200,000	0.51%
HSBC Custody Nominees (Australia) Limited	160,000	0.41%
Mr Erik Adriaanse	150,000	0.38%
Moggs Creek Pty Ltd	150,000	0.38%
Mr Wayne Sidwell	148,000	0.38%
Ancil Limited	131,739	0.34%
Mr Michael Bettridge	120,000	0.31%
Mr Mark McInnes	100,000	0.26%
Mrs Fiona Power	100,000	0.26%
Mr Andrew Sidwell	100,000	0.26%
Gang –Gang Pty Ltd	97,650	0.25%
	33,807,028	86.26%