

wellcom

October 30 2008

**2008
WELLCOM GROUP
AGM**

CHAIRMAN'S REPORT

Good morning and welcome to the 2008 Wellcom Group Annual General Meeting.

I am Wayne Sidwell, Executive Chairman and C.E.O of the Wellcom Group.

With me on the dais are my fellow directors and it gives me pleasure to introduce them to you.

Mr Charles Anzarut and

Mr Kerry Smith

I would also like to introduce our company auditor Mr David Nairn, Partner, HLB Mann Judd.

Twelve months ago I announced the completion of a solid years performance for the Wellcom Group.

Today, I'm equally pleased to announce that 2008 has been an even better year for the Wellcom Group.

Today Wellcom is a fully fledged global player, and the significance of this will prove pivotal into 2009 and beyond.

Additional blue chip business has been won and and significant organic growth in the business has been achieved.

We have worked hard to make 2008 a very satisfactory year. The contribution has been ably lead by our senior management team with strong contributions across the global Wellcom Group businesses.

I commend the 2008 result.

On behalf of my fellow directors, it gives me pleasure to announce the financial highlights for 2008:

- Revenue up 46.5% to \$77.86 million.

- Earnings before interest, tax, depreciation and amortisation up 37.6% to \$16.05 million.

- Earnings before interest and tax up 47.8% to \$12.02 million.

- Net Profit after tax up 34.9% to \$7.86 million.

- Earnings per share (EPS) up 34.9% to 20.05 cents per share

- Significantly, a 7 cent fully franked final dividend brings the total dividend for the year to 13 cents per share, an **18% increase on 2007.**

- Net operating cash flow of \$10.52 million.

- Net assets of \$47.21 million.

As mentioned, in terms of revenue, we recorded a highly creditable 46.5% growth in the 2008 financial year.

As well, the Group's operating cashflow has improved 47% over the 2007 result, which, combined with a low net debt to equity ratio of 14.8%, allows the Group considerable strategic flexibility for 2009.

Organic growth of 9% was achieved, with good sales from all state operations.

I'm very pleased to announce that we have met the challenge determined in 2007.

Looking at this year, the biggest step for the company has been our global market position.

I am very proud of this achievement. It was a demanding process and the decisions made have been correct.

There are two components to international acquisitions and they are:

- determining the market we want to be in
- then finding the right business within the market.

We continue to look at the U.S, Asia and the U.K.

We had spent some years looking closely at all these markets, and possible investment opportunities.

The 2009 economic forecast won't change our determination to look further.

We're have very sound cashflows. And with **low net debt to equity**, it makes the option for further acquisitions affordable and do-able.

Acquisitions are predicated on diligent and careful analysis of both the marketplace and the business.

Globalisation is a significant part of the Wellcom Group strategy.

Our list of blue chip international clients is expanding across our global markets.

2008 has also seen sound organic growth from new products and service offerings.

I'm referring to creative design services and conceptual design.

While we are happy to adapt client or agency supplied creative, we didn't consider these new service offerings would play such an important role in our product mix.

What has changed this, is a shift in our Total Facilities Management Hubs with more client demand for us to provide design services.

When you consider that Hubs represented over 50% of the Wellcom (Australian) business at June 2008, you can appreciate the importance of design in the overall Wellcom services suite.

The reason for this trend in design requests, is not isolated nor coincidental.

It's part of a broader industry change. Clients are examining the cost of third party agency and studio design charges, then comparing these with Wellcom's costs.

This trend is contributing to organic growth and now includes:

- television commercial creation
- video creation
- 3D animation

So while we venture into moving images, our creative package has also taken us into the internet business, offering services that include:

- website design
- banners
- CMS websites managed through database templates
- web hosting
- and eCRM and loyalty managed databases.

Moving images and web creation have been client initiated service extensions. Thus the volume increase alone from November to September 2008, has been significant.

We have also entered into the new domain of viral marketing.

We have authored and created four highly successful viral internet campaigns for the ARL Melbourne Storm, all of which were launched on YouTube.

We have made a specialty of viral marketing, with every component of the productions produced in-house.

As one client recently put it “you have become a truly, one stop shop”.

I’m pleased to say I can’t argue with the truth.

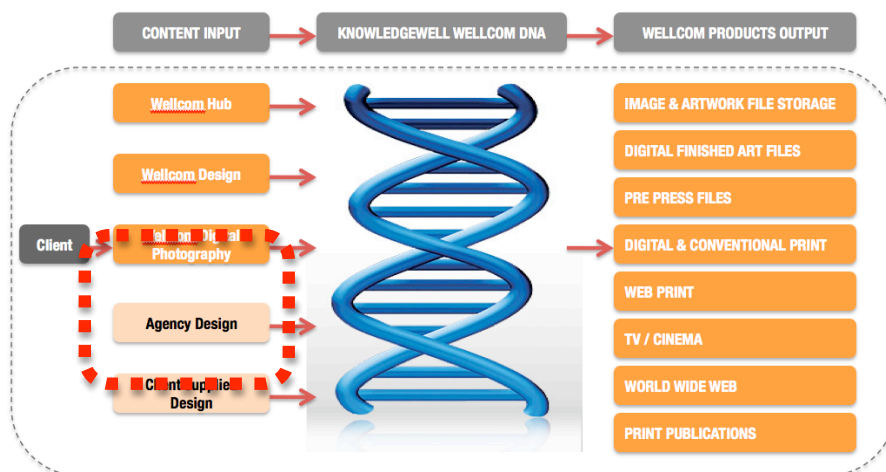
There are few companies in this country, if not the world, who can offer Wellcom’s list of services and be truly competent in all of them.

Our uniqueness is reflected in the chart behind me.

It may look complicated but it's not. There are four components to our industry – and four components to Wellcom's services.

The first is creative concept – put simply it's content input. An idea starts somewhere and by someone. That creative solution can be client generated, agency generated, or created by Wellcom in our Hubs or our digital photography studios.

OUR MODEL



The second column is the Wellcom DNA – our proprietary digital software – Knowledgewell.

Everything that enters the world of Wellcom goes into the Knowledgewell system for storage, for executions, for content management.

Content can be output to different media options as identified in the third column. Everything from digital sends to publications, to TV stations, to the internet.

What is important here is that prior to 2007, and prior to our design services offering, there was no guarantee that Wellcom would capture the work generated by the red dotted panel in the first column. More importantly there was no guarantee that the onsell highlighted here would also come through the Wellcom net.

This work is now coming through in the Wellcom Hubs and Design Services business areas. More design = more Wellcom core business.

More Wellcom core business = more upsell business to other Wellcom entities such as:

- Digital House
- Cadillac Printing
- Wellcom Moving Images
- Wellcom web services
- Creative retouching business Box Studio.

The local market

The local market has enjoyed a strong contribution across the board.

A stand-out performer has been the TFM (Hubs) market. Each year hubs have exceeded expectations.

Revenue from Hubs in 2008 had reached over 50% of the total business (excluding Keenes and Cadillac) and continues to grow.

As previously stated design services within the hubs have been a primary driver, but equally and just as importantly, is the cross sell and upsell opportunities for other Wellcom business units including iPrint.

Hubs are the greatest contributors to upsell in the Wellcom Group.

Hub numbers grew to 22 in total for 2008 and now service over 90 blue-chip brands across the country.

New hubs and Knowledgewell deployment for 2008 were established at Crown Casino, Melbourne Storm, and Foodworks. As well, we expanded services at Pacific Brands and BP Australia.

I'm also pleased to announce a new hub at Honda Motorbikes and Power Equipment.

The Wellcom businesses in each state have shown solid performances.

NSW continues to grow its existing business with good contributions from direct corporate business, digital photography, digital print and Box Studios (creative retouching).

Optus was re-signed through M&C Saatchi for a further term, and all of the Woolworths businesses including Woolworths Supermarkets, Dick Smith Electronics and BWS/Dan Murphy are all performing well.

Melbourne has increased turnover with solid blue chip wins, as well as expanded organic growth.

We have continued our policy with advertising agencies. We identified agencies as business partners in providing services, rather than that of supplier/client.

The result has eliminated competitiveness and allows for more flexible partnership arrangements. The final result represents a better and more synergistic offering.

Adelaide continues to maintain steady organic growth from its direct retail clients.

Wellcom Brisbane has been re-equipped with digital print capability and a new management team.

Wellcom Moving Images is a classic example of upsell work emanating from hubs. As I speak you will see just a short snapshot of some of the folio pieces produced for 2008.

What's especially gratifying is the additional fact that most of the content was also designed and art directed by our in-house design teams. Such is the pool of talent we have here at Wellcom.

Familiar brand names such as Foodworks, Harris Scarfe, Melbourne Storm, BP Australia and Pacific Brands have all utilised Wellcom Moving Images high creative and video production standards.

Wellcom Moving Images offers huge potential both nationally and internationally for the Group as a whole. Especially considering the creative resources in the UK with their current client publishing resources.

These same clients will have extensions into video and new media as part of the UK publishing offering.

The potential is not confined to just stand alone TVCs, but includes extensions into viral and web motion campaigns.

Our Digital House business has enjoyed another good year with a solid contribution to revenue and EBIT. CTP and digital print is a very strong product offering, especially with the depth of knowledge and experience found at Digital House.

Digital data merge opens some tremendous options for Digital House, in Melbourne, as well as similar setups in Wellcom Sydney and Wellcom Brisbane.

iPrint has had another very good year exceeding last year's fine result. 2008 has seen a 25% increase in profit to \$1.1 million.

iPrint, our 50:50 joint venture partnership with Australia Post, has gone from strength to strength in the last five years, and is an reflection of the successful Wellcom upsell policy.

Our web print business Cadillac Printing, has been re-structured in accordance with our 2007 strategy.

This strategy has delivered a better result culminating in improved workflow and throughput, as well as taking advantage of the adjoining Wellcom Computer To Plate facility.

The Cadillac sales force has been re-structured nationally. The business has improved its position considerably and is now a profitable operation.

With the improvement in quality, capacity and turnaround at Cadillac, plus improved sales co-ordination between Cadillac and Wellcom, we should see further growth in the Cadillac business.

Offshore

The Wellcom Group has two offshore operations – Keenes London UK and Wellcom New Zealand.

Keenes recently moved to custom built premises at the epicentre of London's business district.

The move was seamless and little or no production time was lost. The result has seen Keenes enjoy the surroundings of state of the art facilities.

Keenes has a most impressive client list with both direct client business and shared agency business alike.

Clients include recently won Vodafone UK, GAP, HSBC Bank, Harrods, Selfridges, SONY and DKNY.

Keenes has contributed a healthy \$9 million to revenue for the nine months of operation for FY08.

Future plans include client hubs for the UK marketplace.

This is a bold move as the concept is new to the UK marketplace, not to mention other potential markets in Ireland and Europe.

However we are confident of delivering cost savings to companies who embrace hubs – especially in the current economic downturn.

Wellcom New Zealand has had a growth year. A lot has happened in the space of twelve months, including a move to new premises in Parnell Auckland.

Primarily a Auckland web development and design company, Wellcom New Zealand has been extended into a graphics production company with further expansion plans for 2008 – 2009.

The Wellcom New Zealand enterprise is strategically very important to the Group for several reasons.

Firstly, it offers core business expertise in web development for the entire Group, not just New Zealand. And it's important to note that web development is not territorially dependent on production.

Cyber space has no territory, and you're only a fraction of a second away from your client.

We have also utilised the services of Wellcom New Zealand for many projects already in Australia and this will grow.

The second reason why Wellcom New Zealand is strategically important is because of the necessity to service existing Australian client's NZ operations. I refer to Repco and Pacific Brands.

We see tremendous opportunity for Wellcom Australia business, to have web development and high end design solutions managed out of Auckland.

There are some strong underlying fundamentals to this strategy.

The first is the stronger Australian dollar compared to the NZ dollar.

The second is the lower cost of doing business in New Zealand compared to Australia and the UK. This equates to more competitive pricing for Wellcom clients in all territories and markets, and better margin for Wellcom.

Knowledgewell ... a good reason to talk technology.

We describe Knowledgewell as the business' DNA. Knowledgewell is our proprietary software engine. Every part of our digital connection sits on the Knowledgewell platform at some point.

This includes the more easily understood digital storage arrays of images, artwork files, video and audio files and even client approval files.

It also includes our client management files – managing work in progress across the web, accessing images across the web, planning campaigns across the web, monitoring campaigns across the web and seeking electronic approvals across the web. This is all Knowledgewell.

I remain genuinely excited by what we have created in our Knowledgewell technology.

In 2008 we launched two new Knowledgewell software programs. The first is Knowledgewell's CMS. CMS standing for Content Management System allowing clients to create and change their files.

For example, I can be empowered to completely create a catalogue through the web from scratch, without graphics software, without graphic software knowledge.

I can upload product images or graphics to the pages.

I can write copy directly onto the page in the correct font, correct size and correct colour.

I can then email this file to groups and seek their approval to change the file or approve it.

I can send the file for pre-press make ready.

The second Knowledgewell software product launched is called LAM – that is Local Area Marketing.

LAM is ideal for clients that require local versioning of artwork files whether they be press ads or catalogues.

Remote clients have the ability to adapt artwork via the web to their own local area needs. This is ideal for **franchises**.

Knowledgewell continues to be a market leader. In a world where content is king, Knowledgewell manages content.

Knowledgewell will remain ongoing. The investment has positioned Wellcom as a premier supplier of digital solutions in the marketing and graphic arts markets.

Business Report for 2008

1 New Business

New business was steady for 2008 with the addition of Vodafone (UK), Crown Casino, Honda Motor Bikes and Power Equipment, food sector retailer Foodworks and the ARL Melbourne Storm.

As well both Pacific Brands and BP Australia increased their business with us through their hubs deployment.

Most new business has involved our lucrative hub rollouts and these are the vanguard for future growth.

I'm delighted to announce that Wellcom clients are signing up for stand alone Knowledgewell products. The most recent being ANZ Bank, where Knowledgewell software will be used in their international operations.

Knowledgewell offers good margin and we're using a suite of tools that have already been paid for, therefore eliminating extra cost for deployment.

2 Current Business

All current business is travelling very well. As previously mentioned the Optus business has been re-signed for another three years.

This is an example of a very good relationship with advertising agency M&C Saatchi.

All Wellcom offices have made solid contributions under the direction of Steve Rees who was appointed C.O.O for 2008.

Our hubs deployment policy has continued and has been critical to our success in 2008 by generating ongoing upsell business.

Within the TFM hubs we have identified approximately 20% increase in design services.

This is the fastest growing part of our business.

3 Operations

Twelve months ago I announced a series of ambitious strategies.

I'm delighted to say that every strategy announced last year has delivered to the 2008 bottomline and shareholder wealth.

Our senior management re-structure has been instrumental in controlling costs, stabilising and converting new business, integrating acquisitions and honing in business units that required process or other change.

Knowledgewell continues to be the Group's DNA and now wears the distinguished honour of being a stand alone service offering.

We continued to increase market share through new products and services notably design, video and web development.

I said we would consolidate the UK and NZ businesses and that has been achieved.

4 Retail Business

Our retail business has been strong with retailers utilising more of our services. Upsell opportunities have delivered sales into Cadillac through catalogue printing and CTP.

A classic example of this was the win with Foodworks.

5 Direct Corporate Business

I said last year that the corporate business sector is a wealth of potential. Nothing has changed.

BP Australia has increased its marketing relationship with us significantly. New brands have been added as well as varying new marketing projects. Everything from magazine ads to TVCs to product design. The mix of Wellcom services keeps expanding.

We will capitalise on these as test cases for the future.

With our overall established client base, we have a lot of new products and services to offer. This is the nucleus to future organic growth.

I have said that organic growth has not happened through osmosis – on the contrary – it's been carefully planned, seeded and nurtured.

This will only grow for 2009.

The environment

Wellcom has stepped up its 'Greening' policy for 2008.

Recycling is now built into all divisions administrations policies.

This includes paper, commingled waste such as glass, plastic, polystyrene, steel, aluminium and cardboard.

Paper is recycled for internal use and for new documents double sided print is company policy.

Reduced energy consumption is in place for computers, lighting, and air conditioning and heating.

Recycled papers are used wherever possible for internal and client use.

We have virtually eliminated all chemical processing and have adopted wherever practicable, on screen cyber approvals rather than paper and commercial vehicular delivery.

As corporate citizens we owe it to ourselves and our families to contribute to energy saving and best practice recycling.

2008 and 2009

At June 30 2008, I thought the economic outlook was going to be tough, and indeed the global economy as we all know, is going through a credit squeeze.

But through adversity comes opportunity.

The Wellcom Group has carefully leveraged and built up a strong cashflow position and our net debt to equity ratio holds us in very good shape.

I mention opportunity and I've never been more serious when I say that in a difficult, even volatile market, doors will open for the Wellcom Group. Such opportunities may not have existed in better times.

Let me explain.

Wellcom offers among other things, a 'below the line' marketing/design service. Every hub runs on this model – that is, an in house design studio.

We are very good at what we do – our charge-out is far lower than external third party charges.

We are getting alot smarter, alot more in tune with meeting client needs – whether they be creative conceptual design for print, press, TVC, video, web or print procurement.

To foster this we have three unique advantages:

One – we're on the spot – we're in the client's office.

Two – we're faster than anyone else by virtue of our location and our superior process management through Knowledgewell.

Three – we're cheaper to do business with.

So in a time when every client wants and needs to save money, we have a solution that will save them money.

Money talks at anytime, but it talks louder in difficult times.

So the three notions of relationship building, time to market and reduced cost, are our opportunity to not only maintain what we have, but to build on it.

And we do this is through creative design work in our hubs. Work that previously was destined for third party alternatives.

This is organic growth in the purest sense.

The very same strategy will work for all new clients – faster, better, cheaper. It's a simple message – a simple offer.

Advertising Agencies in 2009

We have created a new offering for agencies as partner clients and these have been very successful.

We will continue to grow partnering solutions for the advertising sector.

2009 Direct Corporate Market

This market will become stronger for the very reasons I have outlined.

Already we are seeing signs of increased scope of work emanating out of the hubs. The type of work we've not seen before – very much in the design area.

BP Australia and Pacific Brands are two classic examples. And this will only increase.

Finally our client relationships are with blue chip corporations.

Retail in 2009

Retail always show resilience when it comes to marketing budgets. When retail is down, retailers market harder.

This effects us in three ways:

- Firstly, we build the pages and the pre-press;
- secondly we shoot the digital images;
- and thirdly content management through Knowledgewell.

Our indications have shown a continuation of retail investment in catalogue production.

Offshore in 2009

We have successfully integrated our UK and NZ operations. The timing has been right.

Both operations are geared for the future.

However, and it comes as no news that I report to you the UK market is flat, as are other markets around the world.

But Keenes is possibly more fortunate than other businesses due in part to its very strong client list – a combination of top-shelf retail and corporate business.

This means that the UK, Irish and European markets will begin to look for smarter, more cost effective ways to produce marketing collateral.

We believe we have the solution to meet that need. The solution has already been tested here in Australia through our hub rollouts.

It's a new concept for the UK market – it requires a sell-in – but it's a good clear business model – faster, smarter, cheaper.

The TFM business solution will offer scope for Keenes to grow its business in a challenging market.

The other advantage Keenes enjoy is their creative publishing arm that holds a pool of design talent to offer backup and agency alternative creation and marketing production.

Keenes is firmly integrated into the Wellcom business.

Wellcom NZ has also moved into new premises and seamlessly integrated into the Wellcom business model.

I have to say that this business has developed beyond all expectation, in a very short time.

Wellcom NZ was originally purchased to service our Australian offshore clients as well as meeting our global policy.

But the acquisition also brought with it an unexpected bonus and this is a company with a pedigree in design and web development. So much so, that we are utilising their services in Australia.

Our New Zealand business is working on the Repco NZ account and will be linked to the growth and expansion of hubs into the Auckland marketplace.

That's offshore as it is right now. I'm very pleased with the UK and NZ acquisitions.

Moving forward our offshore policy will remain similar to how we have approached it in the past.

We are well positioned to purchase businesses anywhere in the world. This is based to some degree on the current buyer's market, but more importantly it's based on having the cashflow to support any acquisitions.

But this is not the only criterion by which we would measure a possible acquisition strategy.

Our acquisitions criteria is based on the following:

- 1 What is the long-term benefit to Wellcom and shareholders?
- 2 Is the acquisition synergistic with Wellcom core strategies and activities?
- 3 Does it add value to Wellcom as a business?

We continually scrutinise the European, Asian and U.S marketplaces.

We are, as always, judicious with any possible acquisition.

Furthermore we will continue to examine our policy in light of changing global economic circumstances.

The options are laid out before us – there is no pressure to rush into further acquisitions. We will be diligent, we will watch the market, we will carefully manage our cash position.

In summing up I believe we have had an excellent year.

We have delivered and exceeded expectations.

We have had sound organic growth of around 9%.

We have laid the foundations for future growth through a clear direction in the TFM (hub) strategy in concert with creative design.

We have increased the service offering of Knowledgewell and we will launch our retail software early next year.

Retail prediction is for growth in catalogue and marketing spend.

Overall underlying margins have been sustained.

Our equity accounted iPrint business performed well.

We expect EPS growth in FY09 of around 10%.

We have increased dividend distributions.

We are very well poised to continue to grow in 2009.

We hold onto to a strong financial position with limited exposure to debt.

This augurs well for the year ahead.

Back in September this year I sent this all staff email out to express where I saw Wellcom in the months ahead.

The comments are extremely relevant today. I have summarised the most relevant points. (dated September 18th 2008)

“It has been a turbulent week in the financial markets, throughout the world.

As I stated some months ago, we are in a tight economic period, with credit squeeze conditions.

The Reserve Bank Governor, Glenn Stevens was re-assuring at a recent address, when he said, although Australia would be impacted, our banks were in much better shape than in the USA and Europe.

My opinion is that Australia will ride this out, with tightening in credit and unfortunately, higher unemployment, because there will be a flow on effect into our economy.

Personal and business debt has been too high for too long, both in this country and abroad.

The demand for our commodities and services will weaken as the USA, UK, Japan and China economies tighten.

Wellcom will not be immune from this global economic climate, however we are a business with relatively low debt.

We are blessed to be servicing blue chip companies including Woolworths, Australia Post, ANZ Bank, Westpac, Pacific Brands and Optus.

I will keep you informed as things unfold, but, I believe, we are living in the best country, and working for the best company, to weather this storm.”

Finally, I firmly believe the Wellcom business philosophy continues to promote our client’s trust – and in turn, we benefit through their increased patronage in taking up additional products and services.

We now commence the formal part of the meeting:

I now ask you to receive and consider the reports of the Directors and the Auditor, and the financial statements for the year ended 30 June 2008 for the Company, and its controlled entities.

Are there any shareholder questions and/or comments on any aspect of the financial statements and reports?

Do I have anyone to propose the adoption of the Financial Statements and Reports?

Do I have a seconder for the motion?Thankyou.

All those entitled to vote and are in favour of the motion to adopt the Financial Statements and Reports, please raise your voting cards.

Motion carried.

The next item on the agenda is the re-election of company directors.

I ask you to consider, and if you think fit, pass the following as ordinary resolutions:

Resolution 1: "That Mr Charles Anzarut who, in accordance with clause 12.11 of the Constitution of the Company, retires from office, and being eligible, offers himself for re-election as a Director of the Company".

I, as Chairman of the meeting advise I am holding 53 valid shareholder proxies in relation to this resolution, which represents 5,380,520 ordinary shares, being:

40 proxies for, 1 proxy against and 12 open proxies.. The proxy's voting in favour of the resolution represent 98.44% of the shares voted.

I will be voting for the resolution in relation to all open proxies.

Do I have anyone to propose this resolution?

Do I have a seconder for the motion?Thankyou.

All those entitled to vote and are in favour of this motion, please raise your voting cards.

Resolution passed as an Ordinary Resolution.

The next item on the agenda is the Remuneration Report. Please note this is a non binding vote.

I would ask you to consider and if you think fit, pass the following as an ordinary resolution:

Resolution 2: "That the Remuneration Report for the financial year ended 30 June 2008 be adopted".

I, as Chairman of the meeting advise I am holding 52 valid shareholder proxies in relation to this resolution, which represents 5,379,520 ordinary shares, being:

34 proxies for, 6 proxies against and 12 open proxies. The proxy's voting in favour of the resolution represent 98.05% of the shares voted.

I will be voting for the resolution in relation to all open proxies. Do I have anyone to propose this resolution?

Do I have a seconder for the motion?Thankyou.

All those entitled to vote and are in favour of this motion, please raise your voting cards.

Resolution passed as an Ordinary Resolution.

I now throw the floor over to you for your say.

Do we have any questions?

We have now reached the end of the 2008 Wellcom Group Annual General Meeting.

Before closing I would like to say I'm extremely pleased with what has been achieved in 2008.

We are truly a global organisation. Our service offering has increased at every juncture.

Our client relationships have matured.

On behalf of my fellow directors, I would like to take this opportunity to thank our staff and their families, in all of the Wellcom divisions around the world for their fine work, their loyalty and dedication.

Sincere thanks must also go to our clients, whose faith in our ability to deliver has kept us where we are today. To all of you, thankyou.

Finally, I would like to thank you, our shareholders. We have maintained a strong dividend and look forward to an equally promising 2009.

Thankyou for your time today and please accept some small gifts from our clients, in appreciation of your support. This is available on your way out.

Thankyou.

END