

Wellcom Group Limited

A.C.N. 114 312 542

Financial report for the year ended 30 June 2009

Annual financial report for the financial year ended 30 June 2009

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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 practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the August 2007 ASX *Principles of Good Corporate Governance and Best Practice Recommendations*.

Principle 1: Lay solid foundations for management and oversight

The relationship between the board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and key stakeholders and to ensure the Group is properly managed.

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 Group 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 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 responsibilities of a nomination committee, including the composition of the board, including appointment and retirement or removal of directors and succession planning;
- 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 Group and its business;
- development of suitable key indicators of financial performance for the Group 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 Group; and
- any and all other matters reserved to it by law.

Principle 2: Structure the board to add value

The board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the Company website at www.wellcom.com.au. The Charter details the board's composition and responsibilities.

Composition of the board

The Company's corporate governance charter requires the board 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 Group and its business;
- there must be at least three (3) directors appointed 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.

Directors' independence

Directors of the Group 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 any other Group member, 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 member 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 member 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 member 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 Group 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 Group 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 Group’s loyalty.

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

Name:	Position:
K.B. Smith	Non-executive Director
C.A. Anzarut	Non-executive Director

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 independent non-executive directors.

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.

Term in office

The Company’s 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	4 years
C.A. Anzarut	4 years
K.B. Smith	3 years

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 promoting constructive and respectful relations between board members and management.

The Company’s corporate governance charter does not require these roles to be undertaken by separate people.

Commitment

The board held ten (10) 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 reviewed 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.

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.

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.

Principle 3: Promote ethical and responsible decision making

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.

Principle 4: Safeguard integrity in financial reporting

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

The audit committee was in place for the entire financial period referred to in this financial report. There were two (2) audit committee meetings held during the year. Details of directors' 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 affecting 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, 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 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 rule set out in the Company's corporate governance charter and under the principles and procedures of the audit committee 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 29 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.

External auditors

The Company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. HLB Mann Judd was appointed as the Company's external auditor in 2005. It is HLB Mann Judd's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and context of the audit report.

Principle 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

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 the Group's 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 regularly considered and a standing item on the agenda of board meetings will be included in future at which all directors will be 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 Group's performance and outlook. All shareholders are given the opportunity to ask questions of the board and of the auditor, who is invited to the meeting, about the audit;
- 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 Group'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.

Principle 7: Recognise and manage risk

The board, through the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the board actively promotes a culture of quality and integrity.

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.

Principle 8: Remunerate fairly and responsibly

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 in place for the entire financial period referred to in this financial report. There has been two (2) remuneration committee meetings held during the year. Details of directors' 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

ASX Corporate Governance Council Best Practice Recommendations & Disclosures –Compliance

The Company complies, and has complied with the best practice recommendations of the ASX Corporate Governance Council for the whole of the financial year, with the exception of those items listed below:

- a) The Chairman and Chief Executive Officer roles are performed by the same person. Best practice recommends that the roles not be exercised by the same person, and that the Chairman be an independent director.
- b) The Audit Committee consists of the three members of the board. The committee is chaired by an independent non-executive director. As the committee has the same composition as the board, it does not meet best practice guidelines of having only non-executive directors.

These exceptions listed above were for the whole of the financial year. The exceptions are due to the Chairman not being independent and also performing the role of CEO. The board believes that notwithstanding this, the board (and audit committee) is able to, and does, make quality, independent judgements with integrity, in the best interests of the Company and its shareholders, on all relevant issues. The directors of the board are also able to obtain independent

advice at the expense of the Company. The board believes the chairman is capable of providing quality, independent judgement to all relevant issues falling within the scope of his role, notwithstanding the dual role.

The board believes that the current composition of the board provides the Company with an appropriate mix of experience in commercial operations, law and finance to allow it to perform its duties whilst at the same time giving the board the flexibility afforded to a smaller group of directors. The board is cognisant of its responsibilities in regards to succession planning and board experience as the Company grows and expands its operations.

Directors' Report

The directors of Wellcom Group Limited ('the Company') submit herewith the annual financial report of the consolidated entity ('the Group'), consisting of the Company and the entities it controlled at the end of or during the year ended 30 June 2009.

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 forty (40) 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 joined Wellcom Group Limited in March 2006 and acts as 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.

COMPANY SECRETARY

L.J. Graham (Company Secretary)

Leonard Julian Graham was appointed as Company Secretary on 19 March 2007. Julian was also appointed Chief Financial Officer of the Group on 1 November 2006. Julian has over twenty (20) years experience in the manufacturing, software and pre-media industries. He is an associate of CPA Australia.

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	25,453,211*
C.A. Anzarut	20,000*
K.B. Smith	-

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

DIVIDENDS

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

	2009	2008
	\$'000	\$'000
Final dividend for the year ended 30 June 2008 of 7 cents per fully paid ordinary share paid on 24 September 2008 (2007: 6 cents)	2,743	2,351
Interim dividend for the half year ended 31 December 2008 of 6 cents per fully paid ordinary shares paid on 9 April 2009 (2008: 6 cents)	2,351	2,351
	5,094	4,702

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 2009 of 6 cents per fully paid ordinary share. The dividend was declared on 19 August 2009, with a record date of 11 September 2009, to be paid on 23 September 2009 out of retained profits at 30 June 2009. The dividend will be fully franked.

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group were:

The provision of pre-media and data management services in Australia, the United Kingdom and New Zealand encompassing the following services:

- Pre-media Services
- Design, Artwork & Retouching
- Data and Facilities Management
- Digital Photography
- Television Production
- Digital Print
- Computer to Plate (CTP) Production, and

The provision of web offset printing services in Australia.

OPERATING AND FINANCIAL REVIEW

Overview

Wellcom Group Limited has experienced modest earnings growth in both the Australasian pre-media and webprint operations, despite widespread reporting across mainstream media of reductions in advertising spend. The positive Australian growth has, however, been offset in the current year by a deterioration in revenues from the Group's UK pre-media division due to economic conditions in the region. The Group's strong client base, together with new business not fully reflected in the results for the year ended 30 June 2009, is expected to provide the basis for growth in the next financial year.

Operating results for the year

Operating sales revenue was \$78.53m (2008: \$77.86m), an increase of 1% (2008: 47%) over the previous financial year. Sales for the year included 12 months contribution of the UK pre-media business, Keenes (2008: 9 months).

Margins in Australasia improved whilst Group margins decreased slightly reflecting the sales deterioration in the UK pre-media business and the lag involved in restructuring. Total operating expenses remained steady notwithstanding the full year contribution from Keenes.

EBITDA decreased by 16% to \$13.5m (2008: \$16.0m) for the year reflecting the deterioration in the UK results. Total EBIT decreased by 15% to \$10.3m (2008: \$12.0m).

NPAT decreased by 15% to \$6.70m (2008: \$7.86m) for the year. The effective tax rate for the year was 28% (2008: 29%).

Shareholder returns

The Company has increased its payout ratio to shareholders.

Our financial measures for the financial period are:

	2009	2008
Basic earnings per share (cents)	17.09	20.05
Earnings per share excluding intangible amortisation (cents)	17.56	21.60
Return on net assets (%)	13.67	16.64
Return on net assets excluding goodwill & intangibles (%)	39.23	52.22
Dividend payout ratio (%)	70.21	64.83

Liquidity and financial condition

The Company has registered a reduction in net operational cash flow which, at \$7.7m, represents a 27% decrease over the previous financial year. Over the course of the year Wellcom improved its net debt position to approximately \$4.76m (2008: \$6.98m), the decrease reflecting a reduction in short term borrowings of approximately \$2m paid out of operating cash flow. Debtors and inventories were reduced by \$2.03m which was offset by more aggressive payment terms in the purchase of inventory in the web printing operations. Year end gearing (net debt : equity) of 9.7% (2008: 14.8%) provides flexibility to pursue opportunities that may arise. Free cash flow (operating cash flow, plus joint venture dividends, less property, plant and equipment capital expenditure) has decreased to a still comfortable \$7.12m (2008: \$9.51m).

The Group has \$18.9m of unused facilities as at 30 June 2009 (2008: \$16.0m).

Capital expenditure excluding business purchases for the period was 37% lower at \$1.33m (2008: \$2.02m).

Profile of Debts

The Group's debt finance at the end of the financial year is as follows:

	2009	2008
	\$'000	\$'000
Current		
Bank overdraft	916	246
Obligations under finance lease	107	176
Obligations under hire purchase contract	954	653
Commercial Bills	989	3,970
Other loans	107	101
	3,073	5,146
Non Current		
Obligations under hire purchase contract	3,744	4,694
Other loans	522	628
	4,266	5,322
Total	7,339	10,468

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs since balance date.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The directors of Wellcom Group Limited declared a final dividend on ordinary shares in respect of the 2009 financial year on 19 August 2009. The total amount of the dividend is \$2.351m which represents a fully franked dividend of 6 cents per share. The dividend has not been provided for in the 30 June 2009 financial statements.

No other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group's strong client base is expected to provide the basis for growth in the next financial year.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

SHARE OPTIONS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Wellcom Group Limited paid a premium of \$39,612 (2008: \$40,602) to insure the directors and secretary of the Company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from the conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal cost and those relating to other liabilities.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year ended 30 June 2009 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:	10		2		2	
W.W. Sidwell	10	10	2	2	2	2
C.A. Anzarut	10	10	2	2	2	2
K.B. Smith	10	10	2	2	^	^

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 (AUDITED)

This report outlines the remuneration arrangements in place for directors and other key management personnel of Wellcom Group Limited (the Company) and the consolidated group (the Group) in accordance with the requirements of the *Corporations Act 2001* and its regulations. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Remuneration philosophy

The performance of the Group depends upon the quality of its directors, executives and other key management personnel. Motivation and retention of skilled directors and other key 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.

The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs. Details of the remuneration of non-executive directors for the year ended 30 June 2009 and 30 June 2008 are set out in table 1 and 2 respectively.

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 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. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The key management personnel of Wellcom Group Limited and of the consolidated group were the directors and those executives that report directly to the Chief Executive Officer being:

W.W. Sidwell, Executive Director and Chief Executive Officer
S. Rees, Chief Operating Officer
L.J. Graham, Company Secretary and Chief Financial Officer
M. Bettridge, New Business Development and Strategy
M. Parker, General Manager Victoria
J. Keene, Managing Director United Kingdom
C. Bevan, General Manager New South Wales

The above noted personnel include the 5 highest remunerated personnel within the Group and/or Company.

Details of the remuneration of key management personnel and other executives of the Company and Group for the year ended 30 June 2009 are set out in the table below (Table 1).

Table 1

Name	Short term employee benefits			Post employment benefits	Long-term benefits	Total
	Cash salary	Cash bonus	Non-cash benefits	Super-annuation	Long service leave	
<i>Non-executive directors</i>						
C.A. Anzarut	68,807	-	-	6,193	-	75,000
K.B. Smith	20,000	-	-	50,000	-	70,000
Sub-total non-executive directors	88,807	-	-	56,193	-	145,000
<i>Executive directors</i>						
W.W. Sidwell [^] #	185,532	-	64,468	100,000	11,262	361,262
<i>Other key management personnel</i>						
S. Rees [^] #	172,444	40,000	-	27,562	4,730	244,736
L.J. Graham [^] #	185,108	40,000	-	14,890	654	240,652
M. Bettridge [^] #	203,880	40,000	22,481	13,644	15,135	295,140
M. Parker [^]	154,530	40,000	31,913	13,502	5,129	245,074
J. Keene [#] *	247,463	-	23,686	24,746	-	295,895
C. Bevan	130,009	34,000	24,959	11,700	4,537	205,205
Total key management personnel compensation	1,367,773	194,000	167,507	262,237	41,447	2,032,964

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

[#] Denotes one of the five (5) highest paid executives of the Group, as required by the Corporations Act 2001.

* Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2009.

Details of the remuneration of key management personnel and other executives of the Company and Group for the year ended 30 June 2008 are set out in the table below (Table 2).

Table 2

Name	Short term employee benefits			Post employment benefits	Long-term benefits	Total
	Cash salary	Cash bonus	Long service leave	Super-annuation	Long service leave	
<i>Non-executive directors</i>						
C.A. Anzarut	42,500	-	-	20,000	-	62,500
K.B. Smith	10,000	-	-	50,000	-	60,000
Sub-total non-executive directors	52,500	-	-	70,000	-	122,500
<i>Executive directors</i>						
W.W. Sidwell^#	172,452	-	77,548	100,000	6,061	356,061
<i>Other key management personnel</i>						
S. Rees^#	163,376	40,000	-	36,627	3,036	243,039
L.J. Graham^#	146,665	40,000	-	50,000	122	236,787
M. Bettridge^#	176,563	36,000	47,014	14,758	3,721	278,056
M. Parker^	150,936	20,000	36,438	12,568	3,366	223,308
J. Keene#*	196,622	50,000	18,345	13,108	-	278,075
C. Bevan	113,088	12,000	24,755	10,175	2,032	162,050
Total key management personnel compensation	1,172,202	198,000	204,100	307,236	18,338	1,899,876

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

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

* Paid in UK Sterling and translated at the average exchange rate for the year ended 30 June 2008.

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 2009 and terminates on 30 June 2013 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 12 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.

Other executives

All other key management personnel are employed under contract by Wellcom Group Limited or its wholly owned subsidiaries. The current employment contracts are for indefinite terms.

- All executives receive fixed remuneration inclusive of superannuation and other benefits, including motor vehicle benefits.

- Either the executive or the Company may terminate their contracts with notice periods ranging from three (3) months to twelve (12) months. 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

Details of the management incentive plan initiated by the board for key management personnel for the years ended 30 June 2009 and 30 June 2008 are included below.

Year ended 30 June 2009

- Key management personnel shall be entitled to an amount not exceeding 30% 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 financial performance of the Group; (2) the financial performance of individual responsibility centres; and (3) performance based on quantitative and qualitative measures not connected to individual profit 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 full year's 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 2009 in relation to the year ended 30 June 2009:

Year ended 30 June 2009	Remuneration package 1 July 2009	Performance criteria 1	Performance criteria 2	Performance criteria 3	Total incentive paid
Key management personnel					
S. Rees	200,000	-	40,000	-	40,000
L.J. Graham	200,000	-	-	40,000	40,000
M. Bettridge	240,000	-	-	40,000	40,000
M. Parker	200,000	-	40,000	-	40,000
J. Keene *	297,360	-	-	-	-
C. Bevan	170,000	-	34,000	-	34,000
	1,307,360	-	114,000	80,000	194,000

* Remuneration package at 1 July 2009 of £143,500 translated at the UK exchange rate prevailing on that date.

Year ended 30 June 2008

- Key management personnel shall be entitled to an amount not exceeding 30% 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 financial performance of the Group; (2) the financial performance of individual responsibility centres; and (3) the performance of associated businesses.
- 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 full year's results for the Group to the ASX in relation to the financial period.

The following management incentives were paid on 30 September 2008 in relation to the year ended 30 June 2008:

Year ended 30 June 2008	Remuneration package 1 July 2008	Performance criteria 1	Performance criteria 2	Performance criteria 3	Total incentive paid
Key management personnel					
S. Rees	200,000	-	20,000	20,000	40,000
L.J. Graham	200,000	-	20,000	20,000	40,000
M. Bettridge	240,000	-	24,000	12,000	36,000
M. Parker	200,000	-	-	20,000	20,000
J. Keene *	294,500	25,000	25,000	-	50,000
C. Bevan	150,000	-	12,000	-	12,000
	1,284,500	25,000	101,000	72,000	198,000

* Remuneration package at 1 July 2008 of £143,500 translated at the UK exchange rate prevailing on that date.

LOANS TO/FROM DIRECTORS AND EXECUTIVES

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 30 to the financial statements.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is included on page 20 of the financial report.

NON-AUDIT SERVICES

The Group's auditor, HLB Mann Judd, completed a review of the Company's research and development tax concession application during the year. No other non-audit services were provided.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements and directors' report. Amounts in the financial statements and directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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, 19 August 2009

Auditor's Independence Declaration to the Directors of Wellcom Group Limited

In relation to our audit of the financial report of Wellcom Group Limited ("Wellcom") for the financial year ended 30 June 2009 ("the audit"), I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code 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.

HLB Mann Judd

HLB Mann Judd



DAVID NAIRN
Partner

Melbourne
19 August 2009

HLB Mann Judd (VIC Partnership)

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HLB Mann Judd (VIC Partnership) Pty Ltd is a member of  International. A world-wide organisation of accounting firms and business advisers.

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 2009, 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 establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatements, 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 AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising of 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 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 effectiveness 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.

HLB Mann Judd (VIC Partnership)

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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 2009 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).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on the Remuneration Report

In our opinion the Remuneration Report of Wellcom Group Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD

A handwritten signature in black ink, appearing to read 'D Nairn'.

DAVID NAIRN
Partner

Melbourne
19 August 2009

Directors' Declaration

In the directors opinion:

- (a) the financial statements and notes set out on pages 24 to 78 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - ii) giving a true and fair view of the Company's and Group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date, 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.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



W.W. Sidwell
Director

Melbourne, 19 August 2009

Income Statement

for the financial year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Continuing operations					
Revenue	3(a)	78,531	77,856	48,010	48,368
Cost of sales		(27,240)	(25,618)	(12,390)	(12,303)
		51,291	52,238	35,620	36,065
Other income	3(b)	490	507	915	651
Share of profits of associates and jointly controlled entities accounted for using the equity method	10	938	1,112	938	1,112
Marketing expenses		(309)	(285)	(200)	(149)
Occupancy expenses		(4,599)	(4,218)	(2,336)	(2,528)
Employee benefits expense	3(c)	(30,465)	(28,747)	(20,306)	(19,605)
Depreciation, amortisation & impairment	3(d)	(3,237)	(4,033)	(2,488)	(3,318)
Finance costs	3(e)	(944)	(1,223)	(413)	(720)
Consulting expenses		(116)	(171)	(109)	(171)
Other expenses		(3,613)	(4,176)	(1,608)	(1,688)
Profit before income tax expense		9,436	11,004	10,013	9,649
Income tax expense	4(a)	(2,614)	(3,230)	(2,748)	(2,658)
Profit from continuing operations		6,822	7,774	7,265	6,991
(Profit)/Loss attributable to minority interests		(125)	84	-	-
Profit attributable to members of the parent entity		6,697	7,858	7,265	6,991
Earnings per share:					
Basic (cents per share)	24(a)	17.09	20.05		
Diluted (cents per share)	24(b)	17.09	20.05		

Notes to the financial statements are included on pages 28 to 78.

Balance Sheet as at 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets					
Cash and cash equivalents	5(a)	2,584	3,484	2,161	1,965
Trade and other receivables	7	12,023	13,070	9,301	8,085
Current tax assets	4(c)	322	-	-	-
Inventories	8	3,692	4,674	431	620
Other current assets	9	861	604	249	206
Total current assets		19,482	21,832	12,142	10,876
Non-current assets					
Investments accounted for using the equity method	10	4,013	3,825	4,013	3,825
Other non-current financial assets	11	-	-	9,287	9,986
Property, plant and equipment	12	10,512	12,301	3,878	5,005
Deferred tax assets	4(d)	1,669	1,673	1,048	1,007
Goodwill	13	31,895	31,946	25,939	25,939
Other intangible assets	14	32	217	32	217
Other non-current assets	15	561	-	561	-
Total non-current assets		48,682	49,962	44,758	45,979
Total assets		68,164	71,794	56,900	56,855
Current liabilities					
Trade and other payables	16	6,195	9,080	2,645	2,776
Deferred revenue	17	639	-	639	-
Short term borrowings	18	3,073	5,146	1,199	4,233
Current tax payables	4(c)	849	981	849	560
Provisions	19	3,169	3,108	2,533	2,320
Total current liabilities		13,925	18,315	7,865	9,889
Non-current liabilities					
Long term borrowings	20	4,266	5,322	28	130
Deferred tax liabilities	4(d)	644	608	229	248
Provisions	21	333	339	232	213
Total non-current liabilities		5,243	6,269	489	591
Total liabilities		19,168	24,584	8,354	10,480
Net assets		48,996	47,210	48,546	46,375
Equity					
Contributed equity	22	38,355	38,355	38,355	38,355
Retained earnings and reserves	23	9,273	7,612	10,191	8,020
Parent interests		47,628	45,967	48,546	46,375
Minority interest		1,368	1,243	-	-
Total equity		48,996	47,210	48,546	46,375

Notes to the financial statements are included on pages 28 to 78.

Statement of Changes in Equity for the financial year ended 30 June 2009

Note	Consolidated 2009				Consolidated 2008				
	\$'000	Retained earnings and reserves	Minority interest	Total	\$'000	Retained earnings and reserves	Minority interest	Total	
At the beginning of financial year	22,23	38,355	7,612	1,243	47,210	38,355	5,456	1,327	45,138
Profit for the year – parent entity		-	6,697		6,697	-	7,858	-	7,858
Profit/(Loss) for the year – minority interest		-	-	125	125	-	-	(84)	(84)
Total income and expense recognised for the year		38,355	14,309	1,368	54,032	38,355	13,314	1,243	52,912
Dividends paid	25	-	(5,094)	-	(5,094)	-	(4,702)	-	(4,702)
Foreign exchange translation reserve	23	-	58	-	58	-	(1,000)	-	(1,000)
As at the end of financial year		38,355	9,273	1,368	48,996	38,355	7,612	1,243	47,210
Total Equity at end of financial year attributable to:									
Minority interests		-	-	1,368	1,368	-	-	1,243	1,243
Equity holders of the parent		38,355	9,273	-	47,628	38,355	7,612	-	45,967

Note	Parent 2009			Parent 2008			
	\$'000	Retained earnings and reserves	Total	Contributed equity	Retained earnings and reserves	Total	
At the beginning of financial year	22,23	38,355	8,020	46,375	38,355	5,731	44,086
Profit for the year		-	7,265	7,265	-	6,991	6,991
Total income and expense recognised for the year		38,355	15,285	53,640	38,355	12,722	51,077
Dividends paid	25	-	(5,094)	(5,094)	-	(4,702)	(4,702)
As at the end of financial year		38,355	10,191	48,546	38,355	8,020	46,375
Total Equity at the end of financial year attributable to:							
Equity holders of the parent		38,355	10,191	48,546	38,355	8,020	46,375

Notes to the financial statements are included on pages 28 to 78.

Cash Flow Statement for the financial year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers		87,251	88,595	52,013	54,091
Payments to suppliers and employees		(75,581)	(71,771)	(40,944)	(41,933)
Income tax paid		(3,028)	(5,077)	(2,531)	(4,656)
Interest and other costs of finance paid		(944)	(1,223)	(413)	(720)
Net cash provided by operating activities	5(c)	7,698	10,524	8,125	6,782
Cash flows from investing activities					
Interest received		129	226	158	172
Dividends received		750	1,000	750	1,020
Proceeds from property, plant and equipment		77	27	59	13
Payment for property, plant and equipment		(1,331)	(2,015)	(1,200)	(1,583)
Proceeds from return of investment		-	-	699	3,164
Payment for business acquisitions net of cash acquired		-	(6,834)	-	(9,933)
Net cash (used in)/provided by investing activities		(375)	(7,596)	466	(7,147)
Cash flows from financing activities					
Proceeds from borrowings		9,029	14,126	9,029	14,126
Repayment of borrowings		(12,728)	(11,174)	(12,165)	(10,654)
Related party loans		(100)	(85)	(165)	1,873
Dividends paid		(5,094)	(4,702)	(5,094)	(4,702)
Net cash (used in)/provided by financing activities		(8,893)	(1,835)	(8,395)	643
Net increase in cash and cash equivalents		(1,570)	1,093	196	278
Cash and cash equivalents at the beginning of the financial year		3,238	2,145	1,965	1,687
Cash and cash equivalents at the end of the financial year	5(b)	1,668	3,238	2,161	1,965

Notes to the financial statements are included on pages 28 to 78.

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1. Corporate information

The financial report of Wellcom Group Limited (the Company) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 19 August 2009.

Wellcom Group Limited is a Company incorporated in Australia and limited by shares, which 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 as an individual entity and the Group consisting of Wellcom Group Limited and its subsidiaries.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. 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 98/100. The Company is an entity to which this class order applies.

b) Statement of compliance

The financial report complies with Australian Accounting Standards. The Financial Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of Wellcom Group Limited and its subsidiaries at 30 June each year (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries comprise Wellcom Moving Images Pty Ltd, Kinkaid Pty Ltd and Keene Repro Limited.

Wellcom Moving Images Pty Limited is 100% owned and controlled by Wellcom Group Limited. Wellcom Moving Images Pty Limited was dormant for the whole of the financial year.

Kinkaid Pty Limited (trading as Cadillac Printing) is 50% owned by Wellcom Group Limited. Accordingly, there are minority interests accounted for in the consolidated financial report. The consolidated financial statements include the results of Cadillac Printing for the entire financial year. The financial statements of the subsidiary have been prepared using consistent accounting policies.

Keene Repro Limited is 100% owned by Wellcom Group Limited. The consolidated financial statements include the results of Keene Repro Limited for the entire financial year. The financial statements of the subsidiary have been prepared using consistent accounting policies.

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.

(ii) Joint ventures

The Group 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 Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture. The consolidated income statement reflects the Group'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 Group's share of the net assets of the joint venture.

The reporting dates of the joint venture and the Group are identical and the joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

d) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management do not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. Further details of significant accounting estimates and assumptions applied are provided in note 13.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

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 Group 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.

Interest income

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

Dividends

Dividends are recognised as revenue when the right to receive payment is established. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised as revenue.

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. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

g) Borrowing costs

Borrowing costs are expensed as they are incurred. Wellcom Group Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions and investments in money market instruments, net of outstanding bank overdrafts. Where outstanding bank overdrafts exist, they are shown within borrowings in current liabilities on 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) Investments and other 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

Financial assets at fair value through the profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The Group 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 non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recorded at amortised cost using the effective interest method less impairment. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

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

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. 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 translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Wellcom Group Limited's functional and presentation currency.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless that it is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

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) 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 at each reporting period to determine whether the 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 Group 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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

p) Goodwill

Goodwill acquired in a business combination is initially measured at cost, representing the excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill 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.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated includes:

- Australasia pre-media and related services cash generating unit;
- Australasia web print cash generating unit;
- United Kingdom pre-media and related services cash generating unit.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

Wellcom Group Limited performs its impairment testing as at 30 June each year using a value in use, discounted cash flow methodology for both the pre-media and web print cash generating units to which goodwill and indefinite lived intangibles have been allocated. Further details on the methodology and assumptions used are outlined in note 13.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

q) Impairment of assets

The carrying amount of tangible and intangible assets are reviewed 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 recoverable amount of the cash-generating unit to which the asset belongs is estimated.

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 post-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.

r) 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.

s) 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.

Group 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.

t) 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. The amounts are unsecured and are usually paid within 30 days of recognition.

u) 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 - 20 years
Equipment under finance lease	3 - 6 years
Furniture, fixtures & fittings	5 years

The above estimated useful lives are consistent with the prior year.

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.

v) Provisions

Provisions are recognised when the Group 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 Group 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.

w) 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.

x) Segment reporting

A business segment is identified as 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.

y) 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.

z) 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.

aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

ab) 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.

ac) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

ad) Adoption of new accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group’s and the parent entity’s assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a ‘management approach’ to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group’s financial report.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to be disclosed in a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iv) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective from 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(y) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(v) AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 1 July 2009)

The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-time Adoption of International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vi) AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective from 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

3. Profit from operations

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue and expenses from continuing operations				
(a) Revenue				
Revenue from the rendering of services	78,531	77,856	48,010	48,368
	78,531	77,856	48,010	48,368
(b) Other income				
Interest revenue (bank deposits)	129	210	158	156
Rental revenue	240	243	167	204
Net gains on disposal of property, plant & equipment	29	13	35	13
Other	92	41	555	278
	490	507	915	651
	79,021	78,363	48,925	49,019
(c) Employee benefits expense				
Salaries and wages	30,244	28,525	20,133	19,439
Fringe benefits tax	119	95	79	56
Staff amenities	102	127	94	110
	30,465	28,747	20,306	19,605
(d) Depreciation, amortisation & impairment				
Depreciation of non-current assets	3,052	3,290	2,303	2,575
Amortisation of non-current assets	185	606	185	606
Impairment of goodwill	-	137	-	137
	3,237	4,033	2,488	3,318
(e) Finance costs				
Interest on commercial bills	177	414	177	414
Other interest expense	660	741	236	306
Other finance costs	107	68	-	-
	944	1,223	413	720
(f) Rental expenses relating to operating lease				
Minimum lease payments	2,772	2,609	1,813	1,803
	2,772	2,609	1,813	1,803
(g) Net foreign exchange gains/(losses)	21	(23)	1	(12)
(h) Bad and doubtful debts	28	275	-	65

4. Income taxes

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Income tax recognised in profit or loss				
Tax expense/(income) comprises:				
Current income tax expense/(income)	2,565	3,248	2,808	2,804
Deferred income tax expense/(income) relating to the origination and reversal of temporary differences	40	(18)	(60)	(146)
Current income charge in respect of previous years	9	-	-	-
Total income tax expense/(income)	<u>2,614</u>	<u>3,230</u>	<u>2,748</u>	<u>2,658</u>
Attributable to:				
Continuing operations	<u>2,614</u>	<u>3,230</u>	<u>2,748</u>	<u>2,658</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	9,436	11,004	10,013	9,649
Income tax expense calculated at 30% (2008: 30%)	2,831	3,301	3,004	2,895
Non-deductible expenses	51	126	31	69
Other deductible expenses	(91)	-	(45)	-
Differences in overseas tax rates	16	(8)	-	-
Previously unrecognised tax losses used to reduce deferred tax expense	(29)	-	(17)	-
Under/(over) provided in prior periods	9	-	-	-
Non-assessable income	(225)	(306)	(225)	(306)
Change in unrecognised temporary differences	52	117	-	-
	<u>2,614</u>	<u>3,230</u>	<u>2,748</u>	<u>2,658</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 deferred amounts were charged directly to equity during the year:

Deferred tax:

Net gain on revaluation of property, plant and equipment on acquisition	-	(16)	-	-
Tax losses	-	(3)	-	-
	<u>-</u>	<u>(19)</u>	<u>-</u>	<u>-</u>

4. Income taxes (continued)

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'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	322	-	-	-
	322	-	-	-
Current tax liabilities:				
Income tax payable attributable to:				
Parent entity	849	560	849	560
Entities other than the parent entity	-	421	-	-
	849	981	849	560
(d) Deferred tax balances				
Deferred tax assets comprise:				
Temporary differences	1,669	1,673	1,048	1,007
	1,669	1,673	1,048	1,007
Deferred tax liabilities comprise:				
Temporary differences	644	608	229	248
	644	608	229	248

4. Income taxes (continued)

Consolidated 2009

	Opening balance \$'000	Charged to Income \$'000	Charged to equity \$'000	Acquisitions/ Disposals/ Adjustments \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	83	(11)	-	-	72
Provisions	869	65	-	-	936
Intangible assets	1	(1)	-	-	-
Accruals	65	64	-	-	129
Share issue costs	143	(71)	-	-	72
Lease liabilities	14	(14)	-	-	-
Lease incentive	38	(6)	-	-	32
Property, plant and equipment	59	(59)	-	-	-
Tax losses	401	29	-	-	428
	1,673	(4)	-	-	1,669
Gross deferred tax liabilities:					
Property, plant and equipment	339	52	-	-	391
Intangible assets	61	(53)	-	-	8
Interest receivable	2	(2)	-	-	-
Doubtful debts	12	10	-	-	22
Provisions	9	(7)	-	-	2
Investments in associates	158	56	-	-	214
Leased assets	27	(20)	-	-	7
	608	36	-	-	644

Consolidated 2008

	Opening balance \$'000	Charged to Income \$'000	Charged to equity \$'000	Acquisitions/ Disposals/ Adjustments \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	6	77	-	-	83
Provisions	820	56	-	(7)	869
Intangible assets	-	-	-	1	1
Accruals	43	22	-	-	65
Share issue costs	215	(72)	-	-	143
Lease liabilities	60	(46)	-	-	14
Lease incentive	37	1	-	-	38
Property, plant and equipment	-	(103)	(16)	178	59
Tax losses	263	70	(3)	71	401
	1,444	5	(19)	243	1,673
Gross deferred tax liabilities:					
Property, plant and equipment	245	94	-	-	339
Intangible assets	179	(121)	-	3	61
Interest receivable	7	(5)	-	-	2
Doubtful debts	-	13	-	-	13
Provisions	-	8	-	-	8
Investments in associates	124	34	-	-	158
Leased assets	62	(35)	-	-	27
Prepaid expenses	1	(1)	-	-	-
	618	(13)	-	3	608

4. Income taxes (continued)

Parent Entity 2009

	Opening Balance \$'000	Charged to Income \$'000	Charged to equity \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	18	(7)	-	-	11
Provisions	760	68	-	-	828
Intangible assets	1	(1)	-	-	-
Accruals	33	56	-	-	89
Share issue costs	143	(71)	-	-	72
Lease liabilities	14	(14)	-	-	-
Lease incentive	38	(6)	-	-	32
Tax losses	-	16	-	-	16
	1,007	41	-	-	1,048
Gross deferred tax liabilities:					
Intangible assets	61	(53)	-	-	8
Interest receivable	2	(2)	-	-	-
Investments in associates	158	56	-	-	214
Leased assets	27	(20)	-	-	7
	248	(19)	-	-	229

Parent Entity 2008

	Opening Balance \$'000	Charged to Income \$'000	Charged to equity \$'000	Acquisitions/ Disposals \$'000	Closing balance \$'000
Gross deferred tax assets:					
Doubtful debts	6	12	-	-	18
Provisions	653	114	-	(7)	760
Intangible assets	-	-	-	1	1
Accruals	24	9	-	-	33
Share issue costs	215	(72)	-	-	143
Lease liabilities	60	(46)	-	-	14
Lease incentive	37	1	-	-	38
	995	18	-	(6)	1,007
Gross deferred tax liabilities:					
Intangible assets	179	(121)	-	3	61
Interest receivable	7	(5)	-	-	2
Investments in associates	124	34	-	-	158
Leased assets	62	(35)	-	-	27
Prepaid expenses	1	(1)	-	-	-
	373	(128)	-	3	248

5. Cash and cash equivalents

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Cash and cash equivalents				
Cash on hand	10	8	6	6
Cash at bank	1,074	1,136	655	657
Cash on deposit	1,500	2,340	1,500	1,302
Total cash and cash equivalents	2,584	3,484	2,161	1,965

Cash at bank and on hand earn interest at floating rates based upon daily 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 2009 is 2.95% (2008: 6.04%). Cash is placed on deposit for terms between "at call" to one hundred and eighty (180) days depending upon bank interest rates and cash flow requirements of the Group.

b) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above	2,584	3,484	2,161	1,965
Bank overdraft (note 18)	(916)	(246)	-	-
Balances per cash flow statement	1,668	3,238	2,161	1,965

5. Cash and cash equivalents (continued)

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
c) Reconciliation of profit to the net cash flows from operating activities				
A reconciliation of the net profit after tax of the Group to the net cash inflows from operating activities is provided below:				
Net profit after income tax	6,822	7,774	7,265	6,991
Adjustments for non-cash income and expense items				
Depreciation of non-current assets	3,052	3,290	2,303	2,575
Amortisation of intangible assets	185	606	185	606
Impairment of goodwill	-	137	-	137
(Profit)/Loss on disposal of non-current assets	(29)	(13)	(35)	(13)
Share of jointly controlled entity's profit	(938)	(1,112)	(938)	(1,112)
Interest income received and receivable	(129)	(210)	(158)	(176)
Net exchange difference	78	(447)	-	-
Increase/decrease in assets/liabilities				
Trade and other receivables	1,047	2,642	(1,051)	372
Inventories	982	(1,800)	189	(112)
Other current assets	(257)	(8)	(43)	(115)
Other non-current assets	(510)	-	(561)	-
Trade and other payables	(2,246)	818	508	(736)
Income tax payable	(454)	(1,430)	289	(1,851)
Deferred tax balances	40	6	(60)	(141)
Provisions (employee entitlements)	55	271	232	357
Net cash from operating activities	7,698	10,524	8,125	6,782
d) Financing activities				
Secured bank finance facilities subject to annual review:				
- amount used	8,027	10,896	2,544	5,520
- amount unused	18,868	15,999	17,721	14,745
	26,895	26,895	20,265	20,265

6. Remuneration of auditors

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Auditor services				
<i>HLB Mann Judd:</i>				
Audit and review of the financial reports	81	96	81	96
<i>HLB Mann Judd related practices:</i>				
Audit and review of the financial reports	5	3	5	3
<i>Other Auditors:</i>				
Audit and review of the financial reports	70	74	-	-
Total remuneration for audit services	156	173	86	99
(b) Other services				
<i>HLB Mann Judd:</i>				
Taxation services	5	-	5	-
<i>HLB Mann Judd related practices:</i>				
Taxation services	2	2	2	2
Other services	-	5	-	5
<i>Other Auditors:</i>				
Taxation services	2	2	-	-
Other services	-	30	-	-
Total remuneration for non-audit services	9	39	7	7

7. Current trade and other receivables

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables	12,269	13,336	8,155	7,095
Allowance for doubtful debts	(318)	(321)	(38)	(59)
	11,951	13,015	8,117	7,036
Sundry debtors	72	48	19	42
Interest income receivable	-	7	-	7
Other	-	-	1,165	1,000
	12,023	13,070	9,301	8,085

Trade receivables are non-interest bearing and have average credit periods of thirty (30) to ninety days (90). An allowance for doubtful debts 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. The Group's exposure to credit risk related to trade and other receivables is disclosed in note 26.

8. Current inventories

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Raw materials	3,130	4,004	155	165
Work in progress	562	670	276	455
	3,692	4,674	431	620

9. Other current assets

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Prepayments	861	604	249	206
	861	604	249	206

10. Investments accounted for using the equity method

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Investments in jointly controlled entities	4,013	3,825	4,013	3,825
	4,013	3,825	4,013	3,825
Financial information of jointly controlled entities			2009	2008
			\$'000	\$'000
Current assets			11,834	12,933
Non-current assets			174	222
			12,008	13,155
Current liabilities			8,761	10,293
Non-current liabilities			36	27
			8,797	10,320
Jointly controlled entity's net assets			3,211	2,835
Income			48,729	52,552
Expenses			(46,049)	49,374
Jointly controlled entity's profit before tax			2,680	3,178
Income tax expense			(805)	(954)
Jointly controlled entity's net profit after tax			1,875	2,224
Share of jointly controlled entity's net profit after tax attributable to the consolidated entity			938	1,112

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 Group received total dividends of \$750,000 (2008: \$1,000,000) during the financial year from its jointly controlled entity. A fully franked final dividend of \$750,000 was received on 17 March 2009.

11. Other non current financial assets

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Shares in subsidiaries at cost:				
Shares in Keene Repro Limited	-	-	6,270	6,969
Shares in Wellcom Moving Images Pty Limited *	-	-	-	-
Shares in Kinkaid Pty Limited (trading as Cadillac Printing)	-	-	3,017	3,017
	-	-	9,287	9,986

* Value of shares in Wellcom Moving Images Pty Limited as at 30 June 2009 was \$100 (2008: \$100).

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

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

Keene Repro Limited is incorporated in the United Kingdom. Wellcom Moving Images Pty Limited and Kinkaid Pty Limited are both incorporated in Australia.

There are no fixed returns or a fixed maturity date attached to any 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 \$'000	Leasehold Improve- ments \$'000	Furniture and fittings \$'000	Equipment under finance lease \$'000	Total \$'000
At 1 July 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
Year ended 30 June 2008					
Opening net book amount	5,448	966	245	6,433	13,092
Additions	1,708	192	217	-	2,117
Acquisitions through business acquisitions	475	36	33	-	544
Disposals	(4)	-	-	(96)	(100)
Depreciation charge	(2,525)	(245)	(92)	(428)	(3,290)
Exchange differences	(46)	(5)	(11)	-	(62)
Closing net book amount	5,056	944	392	5,909	12,301
At 30 June 2008					
At cost	11,159	1,522	613	6,532	19,826
Accumulated depreciation	(6,103)	(578)	(221)	(623)	(7,525)
Net book amount	5,056	944	392	5,909	12,301

12. Property, plant and equipment (continued)

Consolidated	Plant and equipment	Leasehold Improve- ments	Furniture and fittings	Equipment under finance lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2009					
Opening net book amount	5,056	944	392	5,909	12,301
Additions/transfers	998	226	97	10	1,331
Disposals/transfers	(34)	(13)	(1)	-	(48)
Depreciation charge	(2,218)	(287)	(130)	(417)	(3,052)
Exchange differences	(17)	(1)	(2)	-	(20)
Closing net book amount	3,785	869	356	5,502	10,512
At 30 June 2009					
At cost	16,702	1,786	828	6,644	25,960
Accumulated depreciation	(12,917)	(917)	(472)	(1,142)	(15,448)
Net book amount	3,785	869	356	5,502	10,512
Parent entity					
At 1 July 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
Year ended 30 June 2008					
Opening net book amount	4,469	915	230	268	5,882
Additions/transfers	1,629	111	55	-	1,795
Disposals/transfers	(1)	-	-	(96)	(97)
Depreciation charge	(2,190)	(230)	(75)	(80)	(2,575)
Closing net book amount	3,907	796	210	92	5,005
At 30 June 2008					
At cost	9,581	1,360	415	203	11,559
Accumulated depreciation	(5,674)	(564)	(205)	(111)	(6,554)
Net book amount	3,907	796	210	92	5,005
Year ended 30 June 2009					
Opening net book amount	3,907	796	210	92	5,005
Additions/transfers	900	224	76	-	1,200
Disposals/transfers	(24)	-	-	-	(24)
Depreciation charge	(1,900)	(261)	(75)	(67)	(2,303)
Closing net book amount	2,883	759	211	25	3,878
At 30 June 2009					
At cost	10,419	1,585	492	203	12,699
Accumulated depreciation	(7,536)	(826)	(281)	(178)	(8,821)
Net book amount	2,883	759	211	25	3,878

13. Goodwill

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At the beginning of the financial year				
Cost	32,083	27,482	26,076	26,006
Accumulated impairment losses	(137)	-	(137)	-
Net book amount	31,946	27,482	25,939	26,006
During the financial year				
Opening net book amount	31,946	27,482	25,939	26,006
Additions through business acquisitions (note 28)	-	5,098	-	-
Exchange differences	(51)	(518)	-	-
Other	-	21	-	70
Impairment losses for the year	-	(137)	-	(137)
Closing net book amount	31,895	31,946	25,939	25,939
At the end of the financial year				
Cost	32,032	32,083	26,076	26,076
Accumulated impairment losses	(137)	(137)	(137)	(137)
Net book amount	31,895	31,946	25,939	25,939

a) Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment and country of operation. A segment-level summary of the goodwill allocation is prescribed below.

Pre-media and related services – Australasia	25,939	25,939	25,939	25,939
Pre media and related services – United Kingdom	4,529	4,580	-	-
Web print – Australasia	1,427	1,427	-	-
Total Goodwill	31,895	31,946	25,939	25,939

During the financial period, the Group assessed the recoverable amount of goodwill. The recoverable amount of each cash-generating unit is determined by value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

b) Key assumptions used for value-in-use calculations

	Growth rate *		Discount rate **	
	2009 %	2008 %	2009 %	2008 %
Pre-media and related services – Australasia	5.0	5.0	14.7	9.0
Pre media and related services – United Kingdom	5.0	5.0	15.4	9.0
Web print – Australasia	3.0	5.0	12.6	9.0

* Estimated growth rate used to extrapolate cash flows beyond the budget period.

** In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates to post-tax cash flows. The equivalent pre-tax discount rates are disclosed above.

In completing value-in-use calculations management determined budgeted gross margins based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in

industry reports. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

c) Impact of possible changes in key assumptions

There are no reasonably possible changes in the key assumptions that would cause the CGU's carrying amount to exceed its recoverable amount.

14. Other intangible assets

Consolidated	Customer list \$'000	Customer contracts \$'000	Software database \$'000	Other \$'000	Total \$'000
At 1 July 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
Year ended 30 June 2008					
Opening net book amount	298	298	218	8	822
Other	-	-	1	-	1
Amortisation charge*	(178)	(221)	(204)	(3)	(606)
	120	77	15	5	217
At 30 June 2008					
Cost	954	820	621	12	2,407
Accumulated amortisation and impairment losses	(834)	(743)	(606)	(7)	(2,190)
Net book amount	120	77	15	5	217
Year ended 30 June 2009					
Opening net book amount	120	77	15	5	217
Amortisation charge*	(120)	(52)	(10)	(3)	(185)
Closing net book amount	-	25	5	2	32
At 30 June 2009					
Cost	954	820	621	12	2,407
Accumulated amortisation and impairment losses	(954)	(795)	(616)	(10)	(2,375)
Net book amount	-	25	5	2	32

* Amortisation of \$185,000 (2008: \$606,000) is included in depreciation, amortisation and impairment in the income statement.

14. Other intangible assets (continued)

Parent entity	Customer list \$'000	Customer contracts \$'000	Software database \$'000	Other \$'000	Total \$'000
At 1 July 2007					
Cost	954	820	620	-	2,394
Accumulated amortisation and impairment losses	(656)	(522)	(402)	-	(1,580)
Net book amount	298	298	218	-	814
Year ended 30 June 2008					
Opening net book amount	298	298	218	-	814
Other	-	-	1	8	9
Amortisation charge*	(178)	(221)	(204)	(3)	(606)
	120	77	15	5	217
At 30 June 2008					
Cost	954	820	621	8	2,403
Accumulated amortisation and impairment losses	(834)	(743)	(606)	(3)	(2,186)
Net book amount	120	77	15	5	217
Year ended 30 June 2009					
Opening net book amount	120	77	15	5	217
Amortisation charge*	(120)	(52)	(10)	(3)	(185)
Closing net book amount	-	25	5	2	32
At 30 June 2009					
Cost	954	820	621	8	2,403
Accumulated amortisation and impairment losses	(954)	(795)	(616)	(6)	(2,371)
Net book amount	-	25	5	2	32

* Amortisation of \$185,000 (2008: \$606,000) is included in depreciation, amortisation and impairment in the income statement.

15. Other non-current assets

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Deposits paid	561	-	561	-
	561	-	561	-

16. Current trade and other payables

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Unsecured				
Trade payables	3,444	5,754	1,291	1,506
Goods and services tax (GST) payable	624	751	388	279
Other	2,127	2,575	966	991
	6,195	9,080	2,645	2,776

The average credit period on purchases of goods and services is thirty (30) days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

17. Deferred revenue

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Deferred revenue	639	-	639	-
	639	-	639	-

18. Short term borrowings

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Secured				
Bank overdraft	916	246	-	-
Commercial bills (at amortised cost)	989	3,970	989	3,970
Lease incentive and finance lease liabilities (note 27)	107	176	107	176
Hire purchase liabilities (note 27)	954	653	103	87
Unsecured				
Other loans*	107	101	-	-
	3,073	5,146	1,199	4,233

*Other loans are repayable over a five (5) year period - refer note 31 – Related party disclosures.

The Group's exposure to risks arising from short and long-term borrowings are set out in note 26.

19. Current provisions

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee benefits	2,795	2,546	2,418	2,155
Provision for restructure (a)	-	135	-	-
Provision for makegood (b)	374	427	115	165
	3,169	3,108	2,533	2,320

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

(a) Provision for Restructure

Provision was made during the year ended 30 June 2008 in respect of costs to be incurred in the restructure of acquired businesses.

Movement in provisions: Restructure

Carrying amount at the beginning of the year	135	-	-	-
Assumed on acquisition of business	-	150	-	-
Exchange differences	-	(15)	-	-
Amounts used during the period	(135)	-	-	-
Carrying amount at year end	-	135	-	-

(b) Provision for Makegood

Provision has been made for the estimated cost ("makegood") to restore leasehold property to its former state under the terms of the various leases. The costs have been measured at present value of the estimated expenditure required to remove any leasehold improvements.

Movement in provisions: Makegood

Carrying amount at the beginning of the year	427	-	165	-
Assumed on acquisition of business	-	290	-	-
Exchange differences	(3)	(28)	-	-
Charged/(credited) to the income statement:	-	-	-	-
- additional provisions recognised	-	165	-	165
- unused amounts reversed	(50)	-	(50)	-
Carrying amount at year end	374	427	115	165

20. Long term borrowings

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Secured				
Hire purchase liabilities (note 27)	3,744	4,694	28	130
Unsecured				
Other loans*	522	628	-	-
	4,266	5,322	28	130

*Other loans are repayable over a five (5) year period - refer note 31 – Related party disclosures.

21. Non-current provisions

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee benefits	258	264	232	213
Provision for makegood (a)	75	75	-	-
	333	339	232	213

(a) Provision for Makegood

Provision has been made for the estimated cost (“makegood”) to restore leasehold property to its former state under the terms of the various leases. The costs have been measured at present value of the estimated expenditure required to remove any leasehold improvements.

Movement in provisions: Makegood

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Carrying amount at the beginning of the year	75	75	-	-
Assumed on acquisition of business	-	-	-	-
Carrying amount at year end	75	75	-	-

22. Contributed equity

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
39,190,001 (2008: 39,190,001) fully paid ordinary shares*	38,355	38,355	38,355	38,355
	38,355	38,355	38,355	38,355

* Fully paid ordinary shares carry one voting right per share and carry the right to receive dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

22. Contributed equity (continued)

Capital risk management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the Group defines as net operating income attributable to members of the parent entity divided by average shareholders' equity excluding minority interests. The board also monitors the level of dividends to ordinary shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's aim is to achieve a minimum return on capital of 15 percent; during the year ended 30 June 2009 the return was 13.7 percent (2008: 16.6 percent). In comparison the weighted average interest expense on interest-bearing loans and borrowings (excluding liabilities with imputed interest) was 7.4 percent (2008: 7.4 percent).

There were no changes in the Group's approach to capital management during the year.

Wellcom Group Limited has entered into lending arrangements with its bankers to obtain overdraft, commercial bill, lease/hire purchase, guarantee/standby letter of credit and pay away facilities. The Group has undertaken to adhere to financial reporting and other conditions as part of this arrangement. The other conditions consist of financial covenants for interest cover and debt to EBITDA ratios. The Group has given undertakings that these ratios will be within agreed limits, measured either against quarterly or twelve month rolling results.

The Group has complied with the externally imposed capital requirements during the year.

23. Retained earnings and reserves

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Reserves				
Foreign currency translation reserve	(942)	(1,000)	-	-
Movements:				
<i>Foreign currency translation reserve:</i>				
Balance at beginning of financial period	(1,000)	-	-	-
Currency translation differences during the year	58	(1,000)	-	-
Balance at end of financial period	(942)	(1,000)	-	-
b) Retained earnings				
<i>Movements in retained profits were as follows:</i>				
Balance at beginning of financial period	8,612	5,456	8,020	5,731
Net profit attributable to members of the parent	6,697	7,858	7,265	6,991
Dividends paid or provided for (note 25)	(5,094)	(4,702)	(5,094)	(4,702)
Balance at end of financial period	10,215	8,612	10,191	8,020

c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 2(m). The reserve is recognised in profit and loss when the net investment is disposed of.

24. Earnings per share

	Consolidated 2009 Cents	Consolidated 2008 Cents
a) Basic earnings per share		
- from continuing operations	17.09	20.05
- from discontinued operations	-	-
Total basic earnings per share	17.09	20.05
b) Diluted earnings per share		
- from continuing operations	17.09	20.05
- from discontinued operations	-	-
Total diluted earnings per share	17.09	20.05
c) Reconciliations of earnings used in calculating earnings per share		
	\$'000	\$'000
<i>Basic earnings per share</i>		
Profit from continuing operations	6,822	7,774
(Profit)/Loss from continuing operations attributable to minority interests	(125)	84
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	6,697	7,858
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	6,697	7,858
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	6,697	7,858
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	39,190
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	39,190	39,190

25. Dividends

	Consolidated		Consolidated	
	Cents	2009 \$'000	Cents	2008 \$'000
a) Fully paid ordinary shares				
<i>Final dividend</i>				
Fully franked for the year ended 30 June 2008, Paid 24 September 2008 (2007: 4 October 2007)	7.0	2,743	6.0	2,351
<i>Interim dividend</i>				
Fully franked for the half year ended 31 December 2008, Paid 9 April 2009 (2008: 28 March 2008)	6.0	2,351	6.0	2,351
	13.0	5,094	12.0	4,702

b) Dividends not recognised at year end

Final dividend

Fully franked final dividend for the year ended 30 June 2009, to be paid 23 September 2009 (2008: 24 September 2008)	6.0	2,351	7.0	2,743
	6.9	2,351	7.0	2,743

c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2009 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2009.

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008: 30%)	5,754	5,056	5,265	4,620

The above amounts represent the balance of the franking account 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 (2008: \$1.18m).

26. Financial risk management and instruments

a) Significant accounting policies

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

b) Financial risk management

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Quantitative disclosures are also included in this note.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board is also responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set out appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Geographically there is no concentration of credit risk.

The board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

26. Financial risk management and instruments (continued)

The Group has been transacting with the majority of its customers for over five years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Goods are sold subject to retention of title clauses or rights to withhold data, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents the estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Exposure to credit risk

The carrying amount of the Group's and Company's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash and cash equivalents	5	2,584	3,484	2,161	1,965
Trade receivables	7	11,951	13,015	8,117	7,036
Other receivables	7	72	55	1,184	1,049
		14,607	16,554	11,462	10,050

The Group's and Company's maximum exposure to credit risk at the reporting date was the fair value of trade receivables, which was \$11,951k (2008: \$13,015k) and \$8,117k (2008: \$7,036k) respectively.

Impairment losses

The ageing of the Group's trade receivables at the reporting date was:

	Gross		Impairment	
	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
Not past due	7,237	-	7,615	-
Past due 0-30 days	3,357	-	4,066	-
Past due 31-120 days	1,342	34	1,185	26
Past due 121 days to one year	333	284	470	295
	12,269	318	13,336	321

26. Financial risk management and instruments (continued)

The ageing of the Company's trade receivables at the reporting date was:

	Gross 2009 \$'000	Impairment 2009 \$'000	Gross 2008 \$'000	Impairment 2008 \$'000
Not past due	5,001	-	4,069	-
Past due 0-30 days	1,909	-	2,044	-
Past due 31-120 days	1,141	20	855	15
Past due 121 days to one year	104	18	127	44
	8,155	38	7,095	59

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	321	29	59	20
Impairment loss recognised	23	318	(4)	65
Receivables written off during the year as uncollectible	(26)	(26)	(17)	(26)
Balance at 30 June	318	321	38	59

The creation of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- \$14.0 million commercial bill facility;
- \$6.63 million hire purchase and lease facility;
- \$1.96 million bank guarantee facility;
- \$1.0 million secured overdraft facility; and
- \$3.3 million sundry cashing facility.

26. Financial risk management and instruments (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated 2009

Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Unsecured loans	629	750	74	74	148	443	11
Commercial bill	989	1000	1000	-	-	-	-
Finance lease liabilities	-	-	-	-	-	-	-
Hire purchase liabilities	4,698	5,468	529	763	891	3,285	-
Trade and other payables	6,196	6,196	6,196	-	-	-	-
Bank overdraft	916	916	916	-	-	-	-

Consolidated 2008

Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Unsecured loans	729	885	74	74	147	443	147
Commercial bill	3,970	4,000	4,000	-	-	-	-
Finance lease liabilities	49	49	49	-	-	-	-
Hire purchase liabilities	5,347	6,520	529	529	1,313	4,149	-
Trade and other payables	9,080	9,080	9,066	14	-	-	-
Bank overdraft	246	246	246	-	-	-	-

Parent Entity 2009

Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Unsecured loans	-	-	-	-	-	-	-
Commercial bill	989	989	989	-	-	-	-
Finance lease liabilities	-	-	-	-	-	-	-
Hire purchase liabilities	131	144	58	58	28	-	-
Trade and other payables	2,645	2,645	2,645	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-

Parent Entity 2008

Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Unsecured loans	-	-	-	-	-	-	-
Commercial bill	3,970	4,000	4,000	-	-	-	-
Finance lease liabilities	49	49	49	-	-	-	-
Hire purchase liabilities	217	260	58	58	144	-	-
Trade and other payables	2,776	2,776	2,776	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-

26. Financial risk management and instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

As the Group's and Company's exposure to market risk is low, no derivative or financial liabilities were entered into during the year ended 30 June 2009 with the purpose of managing market risks. The board will continue monitoring the Group's and Company's exposure to market risk and in the event that derivatives and/or financial liabilities are entered into, the board will consider the costs and benefits of seeking to apply hedge accounting in order to manage volatility in profit and loss.

Currency risk

The Group does not have material transactions between businesses in Australia and overseas which would give rise to receivables and payables in foreign currency of each of the business units. The individual business units do not have material trade in currency other than their own with third parties which would give rise to any foreign currency risk. The Company has a material exposure to GBP with its investment in Keene Repro Limited of \$6.3m (2008: \$6.9m) AUD. The Group considers itself a long term holder of the assets of Keene Repro Limited and as such does not consider short term currency risk exposure.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily AUD.

As the Group's exposure to currency risk on commercial trading is not significant it has not entered into any hedge transactions or taken alternative measures to minimise fluctuations in the respective currencies.

Exposure to currency risk

The Group's exposure to foreign currency risk at reporting date was as follows, based on notional amounts:

<i>In thousands of AUD</i>	30 June 2009		30 June 2008	
	GBP	NZD	GBP	NZD
Trade receivables	988	83	2,088	87
Trade payables	(222)	(21)	(280)	(21)
Gross balance sheet exposure	766	62	1,808	66

The Company's exposure to foreign currency risk was as follows, based on notional amounts:

<i>In thousands of AUD</i>	30 June 2009		30 June 2008	
	GBP	NZD	GBP	NZD
Trade receivables	-	83	-	87
Trade payables	-	(21)	-	(21)
Gross balance sheet exposure	-	62	-	66

26. Financial risk management and instruments (continued)

The following significant exchange rates applied during the year:

	Average Rate		Reporting date spot rate	
	2009	2008	2009	2008
AUD				
GBP 1	0.4849	0.4577	0.4873	0.4817
NZD 1	1.2528	1.1899	1.2443	1.2628

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Consolidated		Parent Entity	
	Equity \$'000	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000
30 June 2009				
GBP	70	-	-	-
NZD	6	6	6	6
30 June 2008				
GBP	165	-	-	-
NZD	6	6	6	6

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term debt obligations with floating interest rates.

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.

Profile

At reporting date the interest rate profile of the Group's and Company's interest-bearing financial instruments was:

	Consolidated		Parent Entity	
	Carrying Amount		Carrying Amount	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Fixed rate instruments				
Financial assets	-	1,038	621	721
Financial liabilities	(6,423)	(10,222)	(1,227)	(4,363)
	(6,423)	(9,184)	(606)	(3,642)
Variable rate instruments				
Financial assets	2,574	2,438	2,155	1,959
Financial liabilities	(916)	(246)	-	-
	1,658	2,192	2,155	1,959

26. Financial risk management and instruments (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and does not have derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points ('bp') in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Equity \$'000	Consolidated Profit or loss \$'000	Equity \$'000	Parent Entity Profit or loss \$'000
30 June 2009				
Variable rate instruments	31	31	21	21
Cash flow sensitivity (net)	31	31	21	21
30 June 2008				
Variable rate instruments	24	24	18	18
Cash flow sensitivity (net)	24	24	18	18

A decrease of 100 basis points ("bp") in interest rates at the reporting date would have had the equal opposite effect on the above instruments to the amounts shown above, on the basis that all other variables remain constant.

Fair values

Fair values versus carrying amounts

Carrying amounts of assets and liabilities approximate fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

27. Commitments for expenditure

a) Plant and equipment

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

b) Lease commitments

Group as lessee

i) Non cancellable operating leases – building rental

The Group leases various offices under non-cancellable operating leases expiring within 1 to 9 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

27. Commitments for expenditure (continued)

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

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year	2,979	2,372	1,775	1,454
Later than one year but not later than five	6,954	7,104	2,819	2,926
Later than five years	4,281	5,490	-	-
	14,214	14,966	4,594	4,380

ii) Finance lease and hire purchase

The Group finances various plant and equipment under lease or hire purchase finance expiring within one to five years. Under the terms of the leases the Group 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	1,292	1,108	116	165
Later than one year but not later than five years	4,177	5,461	28	144
Minimum payments*	5,469	6,569	144	309
Future finance charges	(771)	(1,173)	(13)	(43)
Recognised as a liability	4,698	5,396	131	266
Lease incentives in relation to non-cancellable operating leases included in lease liabilities	107	127	107	127
Total lease liabilities	4,805	5,523	238	393

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Representing:				
Finance liabilities				
- Current (note 18)	1,061	829	210	263
- Non-current (note 20)	3,744	4,694	28	130
	4,805	5,523	238	393

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

28. Acquisition of businesses

Year ended 30 June 2008

Acquisition of shares in Keene Repro Ltd

On 1 October 2007, Wellcom Group Limited acquired 100% of the shares in Keene Repro Ltd, a pre-media business, for a cash consideration of \$9.703m. The business is located in London, United Kingdom.

The acquired business contributed revenues of \$9.2m and net profit of \$1.1m to the Group for the period from 1 October 2007 to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the financial year ended 30 June 2008 would have been \$80.9m and \$8.2m respectively, excluding the effect of the adjustments to reflect the fair value on acquisition.

The book and fair value on acquisition of the Keene Repro Ltd business are outlined in the following table:

	Book value	Fair value adjustment	Total fair value on acquisition
	\$'000	\$'000	\$'000
Net assets acquired			
Current Assets:			
Cash and cash equivalents	3,099	-	3,099
Trade receivables	2,585	-	2,585
Other current assets	92	-	92
Non-current assets:			
Property, plant & equipment	544	-	544
Other non current assets	461	-	461
Deferred tax assets	249	-	249
Current liabilities:			
Trade and other payables	(1,136)	(619)	(1,755)
Provisions	(440)	-	(440)
Non-current liabilities:			
Provisions	-	-	-
	5,454	(619)	4,835
Dividend paid from pre-acquisition profits			(2,964)
Goodwill arising on acquisition			5,098
Total cost arising on acquisition			6,969
Cost of the combination:			
Cash paid as consideration			9,703
Direct acquisition costs paid			230
Dividend paid from pre-acquisition profits			(2,964)
			6,969
			\$'000
The cash outflow on acquisition is as follows:			
Net cash acquired with the subsidiary			3,099
Cash paid			(9,933)
Dividend paid from pre-acquisition profits			2,964
Net cash outflow			(3,870)

Acquisition of business and assets of Visualise Limited

On 15 January 2008 the Company acquired the business name and assets of Visualise Limited, a pre-media and web construction and hosting business based in Auckland, New Zealand for consideration of AUD 45K. Consolidated revenue and consolidated profit would not be materially impacted had the acquisition occurred on 1 July 2007.

29. Segment information

Segment results include items directly attributable to a segment, in addition to those that can be allocated on a reasonable basis.

Primary reporting format - Business segments

The Group operates predominantly in two main business segments being pre-media and web offset printing.

2009	Pre media	Web printing	Eliminations	Total continuing operations
	\$'000	\$'000	\$'000	\$'000
Segment revenue	56,538	24,136	(2,143)	78,531
Segment result	9,917	304	(96)	10,125
Unallocated expenses				(1,404)
Results from operating activities				8,721
Net finance costs				(223)
Joint venture revenue				938
Income tax expense				(2,614)
Profit from continuing operations				6,822
Minority interest				(125)
Profit for the year				<u>6,697</u>
Segment assets	57,587	12,982	(2,405)	68,164
Segment liabilities	9,539	10,699	(1,070)	19,168
2008	Pre media	Web printing	Eliminations	Total continuing operations
	\$'000	\$'000	\$'000	\$'000
Segment revenue	57,552	22,508	(2,204)	77,856
Segment result	12,538	(234)	(96)	12,208
Unallocated expenses				(1,815)
Results from operating activities				10,393
Net finance costs				(501)
Joint venture revenue				1,112
Income tax expense				(3,230)
Profit from continuing operations				7,774
Minority interest				84
Profit for the year				<u>7,858</u>
Segment assets	59,049	15,180	(2,435)	71,794
Segment liabilities	12,933	13,145	(1,494)	24,584

29. Segment information (continued)

Secondary reporting format - Geographical segments

The Group operates in two main geographical segments, Australasia and the United Kingdom. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

2009	Australasia	United Kingdom	Eliminations	Total continuing operations
	\$'000	\$'000	\$'000	\$'000
Segment revenue	70,003	8,528	-	78,531
Segment result	10,909	(342)	(442)	10,125
Unallocated expenses				(1,404)
Results from operating activities				8,721
Net finance costs				(223)
Joint venture revenue				938
Income tax expense				(2,614)
Profit from continuing operations				6,822
Minority interest				(125)
Profit for the year				6,697
Segment assets	67,478	2,967	(2,281)	68,164
Segment liabilities	17,982	1,725	(539)	19,168
2008	Australasia	United Kingdom	Eliminations	Total continuing operations
	\$'000	\$'000	\$'000	\$'000
Segment revenue	68,672	9,184	-	77,856
Segment result	10,503	1,933	(228)	12,208
Unallocated expenses				(1,815)
Results from operating activities				10,393
Net finance costs				(501)
Joint venture revenue				1,112
Income tax expense				(3,230)
Profit from continuing operations				7,774
Minority interest				84
Profit for the year				7,858
Segment assets	69,600	4,910	(2,716)	71,794
Segment liabilities	22,455	2,455	(326)	24,584

Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2 and Accounting Standard AASB 114 *Segment Reporting*.

29. Segment information (continued)

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, hire purchase arrangements and employee benefits. Segment assets and liabilities do not include income taxes.

30. Key management personnel disclosures

(a) Directors

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)

(b) Other key management personnel

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

- Stephen Rees (Chief Operating Officer)
- Julian Graham (Company Secretary, Chief Financial Officer)
- Michael Bettridge (New Business Development and Strategy)
- Mark Parker (General Manager - Victoria)
- Jeff Keene (Managing Director - United Kingdom)
- Craig Bevan (General Manager - New South Wales)

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

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2009	2008	2009	2008
Short term employee benefits	1,729,280	1,574,302	1,458,131	1,309,335
Post employment benefits	262,237	307,236	237,491	294,128
Long-term benefits	41,447	18,338	41,447	18,338
	2,032,964	1,899,876	1,737,069	1,621,801

The Company has taken advantage of the relief provided by AASB 2008-4 *Amendments to Australian Accounting Standards - Key Management Personnel Disclosures by Disclosing Entities* and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 15 to 19. These transferred disclosures have been audited.

30. Key management personnel disclosures (continued)

d) Key management personnel equity holdings

Fully paid ordinary shares held in Wellcom Group Limited

	Opening balance 1 July 2008	Granted as remuneration	Otherwise acquired (disposed)	Closing balance 30 June 2009	Balance held nominally
Directors					
W.W. Sidwell	25,200,001	-	233,210	25,433,211	-
C.A. Anzarut	20,000	-	-	20,000	-
K.B. Smith	-	-	-	-	-
	25,220,001	-	233,210	25,453,211	

Other key management personnel

S. Rees	10,000	-	-	10,000	-
L.J. Graham	47,310	-	-	47,310	-
M. Bettridge	120,000	-	-	120,000	-
M. Parker	50,000	-	-	50,000	-
J. Keene	-	-	-	-	-
C. Bevan	10,000	-	-	10,000	-
	237,310	-	-	237,310	-
	25,457,311	-	233,210	25,690,521	-

	Opening balance 1 July 2007	Granted as remuneration	Otherwise acquired (disposed)	Closing balance 30 June 2008	Balance held nominally
Directors					
W.W. Sidwell	25,200,001	-	-	25,200,001	-
C.A. Anzarut	20,000	-	-	20,000	-
K.B. Smith	-	-	-	-	-
	25,220,001	-	-	25,220,001	-

Other key management personnel

S. Rees	10,000	-	-	10,000	-
L.J. Graham	47,310	-	-	47,310	-
M. Bettridge	120,000	-	-	120,000	-
M. Parker	50,000	-	-	50,000	-
J. Keene	-	-	-	-	-
C. Bevan	10,000	-	-	10,000	-
	237,310	-	-	237,310	-
	25,457,311	-	-	25,457,311	-

30. Key management personnel disclosures (continued)

e) 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	
	2009	2008	2009	2008
Expenses				
Interest expense	47,278	53,487	-	-
Total recognised as expenses	47,278	53,487	-	-

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:

Liabilities

Current	106,795	100,760	-	-
Non-current	522,383	628,012	-	-
	629,178	728,772	-	-

f) 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.

	Consolidated		Parent entity	
	2009	2008	2009	2008
Expenses				
Legal fees	39,815	72,766	36,905	72,766
Rent	561,328	555,139	561,328	555,139
Total recognised as expenses	601,143	627,905	598,233	627,905

A director, Mr C.A. Anzarut, is a partner in the firm of Anzarut & Holm, Lawyers. Anzarut & Holm have provided legal services to Wellcom Group Limited for several years on normal and commercial terms and conditions.

The Company leases a building owned by a superannuation fund the assets of which the Chairman and Chief Executive Officer, Mr W.W. Sidwell, is a beneficiary. The rental agreement is based upon normal commercial terms and conditions and rents have been determined by independent valuation.

31. Related party disclosures

a) Equity interest in related parties

Equity interests in subsidiaries:

Interests in subsidiaries are set out in note 32.

Equity interests in associates and joint ventures:

Interests held by the Group in associates and jointly controlled entities consist of:

iPrint Corporate Pty Ltd - 50%

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

Disclosures relating to key management personnel are set out in note 30.

c) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2009	2008	2009	2008
<i>Sales of goods and services</i>				
Sale of pre-media and print services	1,586,749	1,788,098	3,614,506	3,914,188
<i>Purchases of goods and services</i>				
Purchase of pre-media and print services	402,918	867,278	1,572,769	1,287,112
<i>Dividend revenue</i>				
Subsidiaries	-	-	-	20,000
Jointly controlled entities	750,000	1,000,000	750,000	1,000,000
<i>Superannuation contributions</i>				
Contributions to superannuation funds on behalf of employees	1,787,027	1,898,766	1,104,087	1,408,374

d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2009	2008	2009	2008
<i>Current receivables</i>				
Subsidiaries	-	-	931,148	892,918
Jointly controlled entities	222,300	319,404	222,300	319,404
<i>Current payables</i>				
Jointly controlled entities	11,085	110,307	11,085	110,307

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

31. Related party disclosures (continued)

e) Loans to/from related parties

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<i>Loans to subsidiaries</i>				
Beginning of the year	-	-	720,736	898,862
Loans advanced	-	-	2,512,149	-
Loan payments received	-	-	(2,400,175)	(178,126)
Interest charged	-	-	91,261	54,328
Interest received	-	-	(91,261)	(54,328)
End of year	-	-	832,710	720,736

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expenses have been recognised in respect of bad or doubtful debts due from related parties.

f) Terms and conditions.

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders.

All transactions were made on normal commercial terms and conditions and at market rates. The weighted average interest rate on loans during the year was 8% (2008: 7%).

Outstanding balances are unsecured and are repayable in cash.

32. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(c):

Name of entity	Country of incorporation	Class of shares	Equity holding*	
			2009	2008
Wellcom Moving Images Pty Limited	Australia	Ordinary	100%	100%
Kinkaid Pty Limited (trading as Cadillac Printing)	Australia	Ordinary	50%	50%
Keene Repro Limited	United Kingdom	Ordinary	100%	100%

*The proportion of ownership interest is equal to the voting power held.

33. 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 Group, the results of those operations or the state of affairs of the Group in future financial periods.

Dividends

On 19 August 2009, the Company declared a final dividend of 6 cents per ordinary share, payable from profits for the year ended 30 June 2009. 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 11 September 2009 and the payment date is the 23 September 2009.

34. 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 1
333 Collins Street
Melbourne Victoria 3000

Auditors

HLB Mann Judd
Level 1
160 Queen Street
Melbourne Victoria 3000

Solicitors

Anzarut & Holm Pty Ltd
Level 2, Professional Chambers
120 Collins Street
Melbourne Victoria 3000

Bankers

Australia and New Zealand Banking Group Limited
Level 6
287 Collins Street
Melbourne Victoria 3000

Stock exchange listings

Shares are listed on the Australian Stock Exchange and trade under the code WLL.