



October 28 2009

2009
WELLCOM GROUP
AGM

CHAIRMAN'S REPORT

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Good morning and a warm welcome to this our 2009 Wellcom Group Annual General Meeting.

My name is Wayne Sidwell, the Executive Chairman and C.E.O of the Wellcom Group.

I am joined by my fellow directors and they are, Mr Charles Anzarut and Mr Kerry Smith.

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

A year ago I stood before you when the world was a different place - I noted our concern regarding, the domestic and global economy at that time.

We believe that here in Australia, we have come through the worst of the economic crisis.

During this downturn, I'm confident that we have made positive and timely decisions, and in doing so, we have prepared ourselves for the present, as well as the future.

I'm not going to dwell on the cause of the global economic downturn - we as a company have no control of this.

But understanding the symptoms, and treating the ailment in terms of how it impacts our business, has meant that we are coming through it better than most.

The downturn has impacted our global businesses differently, I believe the preparatory footprint has been carefully laid out.

We stand on a platform of globalisation and I'm pleased to announce our first entree into Asia which

I will discuss a little later.

For the Wellcom Group, the Australian marketplace has been generally sound with some excellent new business gains including Qantas Holidays, Ford Australia and Coles Supermarkets.

We have have not rested on our laurels in any of the Wellcom geographical territories. On the contrary, where costs had to be removed from businesses, these have been made.

The hard calls, the cost cutting, and the restructuring has been ably lead by our senior management team.

On behalf of my fellow Wellcom Group directors, here are the financial highlights for 2009:

Revenue up marginally to \$78.53 million, and we achieved a net profit after tax of \$6.7 million, approximately 12% ahead of our guidance in May.

Combined growth in the Australian pre-media and web print businesses, resulting in increased operating margins were offset by the downturn in the UK pre-media business. Significant restructuring in the UK, will ensure that the run rate of losses experienced in the second half of last financial year will be significantly reduced.

Operating cashflow is robust, and together with low gearing levels, we are in a good position to take advantage of any acquisition opportunities that may arise.

Before I discuss, in detail, the year that was, I want to talk about this current financial year and announce our establishment of Wellcom Asia.

To offer some background, the biggest step for Wellcom in 2007 was the fruition of our global market strategy. This strategy realised footholds into the UK and NZ marketplaces through the Keenes UK and Visualise I.T acquisitions.

I believe the decision was right - the companies acquired are sound businesses. I am very comfortable with these initiatives and it's only been blunted slightly by the timing of the severe economic downturn in the UK.

Last year we said that we would continue to explore further options in the U.S, Asia and Europe. This was and is, part of our continued business growth plan through the global strategy.

Further time and effort has been spent investigating these markets.

I'm very proud to announce that we will open Wellcom Singapore in January 2010.

We have a letter of intent with Courts - a large local retail client of considerable size and market stature. We have waited for such an opportunity for some time and it's culminated in the establishment of Wellcom Singapore.

What makes this especially important for Wellcom and our shareholders are the following points:

Firstly, it represents low capital outlay. We haven't had to spend any cash reserves on the purchase of a new business. We still maintain sound cashflow.

Secondly, we set our Singapore office up, based on securing a major retail client. This offers our Singapore business sustainability for some years to come.

Thirdly, the business has been won on the strength of our hubs strategy and Knowledgewell - a business direction that is new to the asian marketplace.

Finally, we have further opportunities and are currently in discussion with other potential clients in Singapore.

The Courts Wellcom business proposition was crystal clear for them - a totally facilities managed

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Courts saw the potential and required what Wellcom can deliver - namely:

- increased speed to market;
- seamless process management and;
- Wellcom's ability to remove significant cost from their business.

As I said, we now have opportunities for other global business in and around our Singapore central hub.

Back to our own shores, and I'm pleased to say that the Australian pre-media market has seen an increase in revenue, plus a solid portfolio of new business has been won.

This finishes what I believe has been a positive 2009 for this part of the Wellcom Group, particularly in light of the economic slow-down in the Australian economy.

As Wellcom becomes more design oriented in our service delivery, we find greater opportunities for cross-sell of our traditional business offerings and this has lead to further improved organic growth in this part of the business.

Steadily over the last twelve months, we have become originators of content, rather than the managers of supplied creative concepts.

As I said last year, we are happy to adapt client or advertising agency supplied creative, but through our hubs and our design services division, we are now content creators, and this is the future growth corridor in our product mix.

The trend that changed this situation was born out of our Total Facilities Management Hubs.

Hubs were setup primarily to manage client content that had been sourced from their advertising agencies and design studios. But many client marketing managers didn't see it this way and we now find design projects briefed directly to our hubs.

To meet client expectation we have changed the composition of the hubs with the addition of more designers. This allowed hubs to become more creative to meet added client demand.

Hubs remain the fastest growth sector of our business and combined with the new hubs business recently won, will continue beyond 2010.

Supporting this trend, our creative services

division has also had a good year and has grown considerably. With a mixture of direct client design work and cross-sell orders from hubs, this division has moved from strength to strength.

As well as design, the division offers the support services of television and radio commercial production, video creation and post production and 3D animation.

This is further supported by our online services offerings of website design, web banners, CMS database managed websites, web hosting and eCRM.

Our two greatest and most significant strategies, namely Knowledgewell and hubs deployment, have resulted in reducing the requirement for Wellcom direct sales representation, while at the same time, increasing sales through cross selling of our services to existing clients.

Last year I said that Wellcom Hubs equates to more Wellcom core business sales opportunities. In that time this has increased further and the upsell has lead directly to orders to our Group companies including:

- Digital House
- Cadillac Printing
- Wellcom Moving Images
- Wellcom Web Services
- Wellcom Design Services.

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THE LOCAL MARKET

For the second year in a row, the local market has enjoyed a strong contribution and increased revenue contribution.

Once again our stand-out performer has been the TFM (Hubs) market.

Revenue from Hubs in 2009 increased to around over 60% of the total business (excluding Keenes and Cadillac) and I believe this will continue to grow further.

With new Knowledgewell software development coming online in the 2010 new year, Hubs will be offering clients more service offerings.

Hub numbers again grew in 2009 and now service well over 90 blue-chip brands across some 30 companies.

NSW has continued to grow its existing business with good contributions from direct corporate business, retail, digital print and Box Studios.

Qantas Holidays is a significant new business acquisition as well as the NSW Department of Training and Education.

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In the face of the economic downturn, NSW has remained steady. The Woolwoths brand, Beer, Wine, Spirits or BWS, has become one of the first Wellcom mixed media hubs to offer web services in-house with tactical websites, web pages, online banners and digital point of sale. **This is a fine example of hub services across all media.**

Melbourne has added further new business wins with Coles Supermarkets, and hubs at Ford Australia, L'Oreal and Bevilles.

Adelaide continues to remain steady and has added Godfreys and Adelaide Bank to its new business list.

At Wellcom Brisbane we moved very quickly to take costs out of the business by way of a total business restructure. We have put in place a new management team, and look forward to seeing a turnaround in this business.

Wellcom Moving Images has continued to be the classic example of upsell emanating from hubs.

WMI are also building up a list of direct clients including below the line agencies who can see the potential of this low cost video post production resource.

Nearly all of the video content from cross-sell orders were also designed and art directed by our in-house creative teams.

These brand include Foodworks, Harris Scarfe, Melbourne Storm and Pacific Brands.

Wellcom Auckland has also had a solid year. This is gratifying when you consider that New Zealand has experienced a harsher downturn than Australia. Good cross-sell orders from Australia has also consolidated their result.

Digital House has had a mixed year. The downturn has seen the regular jobbing work drop off significantly. This type of work represented high volume and good margin and this was impacted in the back half of '09. However, Digital House has rebounded strongly over recent months.

Moving forward we want to capitalise on the increasing use of digital data merge. We expect Digital House to be at the forefront, and we expect our other setups in Sydney and Brisbane to follow suit.

WEB PRINT AUSTRALASIA

I'm very pleased to announce a continued improvement in the performance of Cadillac Printing for 2009.

We quickly recognised where we had business issues. It also demonstrates that we take appropriate steps through restructures and other means to effectively correct such business issues.

The changes implemented have delivered a better result culminating in improved workflow and throughput, and it is a credit to the management team.

The overall catalogue market has shown no sign of slowing and Cadillac through it's unique flexibility of production scheduling continues to win new business and increase revenue.

We expect that over the full financial year, that the business will provide further growth.

iPRINT

iPrint is Wellcom's 50:50 joint venture with Australia Post. Australia Post is also iPrint's biggest **client**.

iPrint client print spend reduced, which reduced iPrint's share of revenue. Margins were held on lower volumes, and I am pleased to note that we are now experiencing increased volumes.

OFFSHORE

The Wellcom Group purchased Keenes UK in 2007. It was Wellcom's first offshore venture. Keenes had a most impressive client list with both direct client business and shared agency business alike.

In its first nine months, Keenes contributed \$9million to revenue.

The economic downturn has impacted the UK economy considerably.

Keenes revenue has suffered as a consequence of reduced revenue per client spend.

The symptoms were obvious. The cure was a total business restructure. Costs had to be removed. The operation had to adapt to a new business paradigm - one similar to the successful model operating currently in Australia.

Staffing levels appropriate to revenue also had to be addressed and was actioned.

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The addition of a new business development team was established in London.

The team was trained in accordance with Wellcom's Australian business model including Knowledgewell and TFM hubs strategies.

Keenes needed a new business win - an injection of additional revenue and a morale boosting new client. I'm very pleased to announce this client to be the Selfridges online photographic business.

There are two delivery components in the contract - namely, digital photography, and the conversion of images into Quicktime movies. These are three dimensional images that you can view and rotate on the web.

With the costs adjustments in line with revenue - with Selfridges new business signed up under contract, as well as the added new business management team, I believe we will see a real improvement throughout 2010.

The business is also geared to take advantage of Knowledgewell technologies and new business through hubs.

KNOWLEDGEWELL

Knowledgewell is Wellcom's business DNA. It's our proprietary software engine. Every part of our digital connection sits on the Knowledgewell platform at some point.

Wellcom's first business strategy was founded in and through Knowledgewell software deployment.

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

It includes digital storage of images, artwork files, moving images and audio files.

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

Knowledge licensing and software management is now being marketed as a stand alone product to corporations.

Knowledgewell has proven to be one of the most successful Wellcom sales initiatives to date - no ongoing labour involvement, simply a software deployment and ongoing management fee.

It has become a frontline service offering in its own right.

At the beginning of 2010 we will launch our next iteration of Knowledgewell - specifically designed for retailers.

It will combine a single online tool offering the ability for retailers to manage analytics of sales and returns on sales against catalogue revenue. It will manage buying, supply chain management plus many other features.

The bottomline is that we believe Knowledgewell will become a very serious player in retail marketing.

This is very exciting news.

BUSINESS REPORT FOR 2009

1 New Business

As mentioned previously, new business growth has been solid for 2009 with the addition of Selfridges (UK) digital photography business, Coles Supermarkets, Ford Australia, L'Oreal, Qantas Holidays, NSW Department of Education and Training, Godfreys, Bevilles, St.George Bank and Adelaide Bank.

Knowledgewell services deployment increased further with existing clients.

2 Current Business

All current Hub clients from last year remain with the Group.

Wellcom Melbourne, Wellcom Sydney and Wellcom Adelaide have made solid contributions for 2009.

Our hubs deployment policy leads the ongoing upsell business policy.

Originating design services is now the biggest service offering in hubs. Hubs remains the fastest growing part of our business.

3 Operations

In the midst of the economic circumstances we find ourselves in, we have prepared our business strategy accordingly.

In saying this, Wellcom services over 90 brands through our core client base. We have become smarter in managing our clients; we have strived to offer the highest service levels and ratecards for clients.

Every year Wellcom has a two day senior management conference.

These conferences are conducted annually to examine all of the Group's business units. This year's conference was especially important to discuss what sort of pressure the downturn had placed on the businesses.

The discussion points included:

- A new conservative fiscal policy

This was to identify real cost savings for every business unit.

It included not just direct labour efficiencies but

all ancilliary costs right through to smarter contractual and variable fees for tenders and proposals.

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- Knowledgewell sales strategy

Understanding Knowledgewell as a stand alone product and how to sell it as software vendors.

- Client retention policy

Quarterly monitoring of client senior management thinking as it effects Wellcom performance.

- Cross sell opportunities policy

Identifying Wellcom Group businesses cross-sell opportunities - right through to agreement and proposal preparation.

I'm pleased to announce that all of the initiatives have been successfully actioned or are ongoing.

Retail Business

The retail market sector has been strong with retailers utilising more of our services and new business coming through with Qantas Holidays and Jetset Travel, Coles Supermarkets and Bevilles.

For the second year, upsell opportunities have delivered sales into Cadillac through catalogue printing and CTP.

The Babys 'R' Us catalogue was yet another fine example of upsell with Cadillac, as well as Foodworks and Harris Scarfe with Wellcom Moving Images.

In 2010 with the release of the new Knowledgewell retail software I believe we will make further inroads into the retail market. Not just for Australia importantly, but for Singapore and London.

Direct Corporate Business

The corporate business sector is still a wealth of potential. Nothing has changed. We are talking to many different corporates and remain active in new business.

Our successes with institutions of the size of BP Australia, ANZ, Pacific Brands and Westpac have

increased our credentials enormously. There's still plenty of room for expansion with Wellcom's full range of service offerings. This will grow for 2010.

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THE ENVIRONMENT

The Wellcom 'Greening' policy has been rolled out throughout the Group.

This includes the print divisions as well as the pre media divisions.

Reduced energy consumption has been in place from 2007 for computers, lighting, air conditioning and heating.

Recycled materials wherever possible for internal and client use are mandatory.

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

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

2009 - 2010

For the Australian marketplace we expect to see some form of normalisation in the economy for 2010.

BUT while we hope this reflects a stronger, more bouyant short-term future, we will not loosen the reins on our tight fiscal management policy.

We hold a strong cashflow position combined with low debt. This gives us some buffer and also avails us of the opportunity for further potential acquisitions - if and when, such opportunities arise.

PLUS our hubs are located next to the marketing department in most of our client's premises. This is again is win:win.

We have shored up our traditional business offerings through increasing our design services offerings. It is at this at this point that the decision making process as to which down-stream suppliers are made.

Therefore we remain well positioned for this lucrative upsell channel to other Wellcom businesses.

In spite of raised interest rates, retailers are booking their catalogue production and printing for a big Christmas, a big New Year and big end of summer spend. We are ready to be serious participants in this revenue feed.

We are additionally well placed in the retail sector with such clients as Woolworths, David Jones, Toys R Us, Coles Supermarkets, Dick Smith Electronics, BWS, Harris Scarfe, Bevilles, Foodworks and Repco stores. That's alot of catalogue production, print, digital, on-line, web development and photography.

On the corporate front the Ford Australia win was an excellent piece of new business. Qantas Holidays has also been an equally good win.

Revenue from Ford Australia, Qantas Holidays and Coles Supermarkets all commenced in FY10. Coles is significant because it is based on a software and hardware licencing model with a Knowledgewell licensing arrangement.

We have several FY10 strategies whereby we are currently in discussion with other potential corporate iconic brands, and we are also strongly targetting new corporate opportunities where we have identified them.

But the bottomline for the new Knowledgewell Retail Software is that it will open opportunities for further retail software licensing contracts.

In terms of new business in retail, I firmly believe we are well poised for 2010.

Our new Singapore operation offers further potential for the group.

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The Courts retail business will host an extensive hub facility, not just a normal hub rollout. It will boast a centralised Wellcom facility with hardware support, running on Knowledgewell software.

We are excited by the prospects in Asia, and the recent decision in principle by Courts to transfer their studio operations to Wellcom.

I believe this is just the beginning of our Singapore connection.

Such international opportunities come under the umbrella of our global solutions provision. And to demonstrate our global positional change, these discussions are taking place out of their corporate headquarters in London and here in Australia.

This is the new benchmark for conducting international business and should any of these materialise, then our international standing will lead our charge into other markets worldwide.

All current signs in the UK marketplace points to continued economic pressure. The election will not help and it will be a wait and see situation for the remainder of the 2010 financial year.

However, as we found with Cadillac in early 2008,

the UK business restructure has taken place from the ground up - new business model - resources to sell the model - Knowledgewell software solution.

We have also taken significant costs out of the UK business.

Keenes is a great business - it has a client list that reads like a who's who of the corporate and retail and corporate world - names such as DKNY, Harrods, Vodafone, HSBC, GAP, Selfridges and Barclays.

In spite of the local economic situation, I believe the worst is over and Keenes is on track for an improved 2010.

In summing up

We have had a challenging year but we held business margin in the Australian operations.

Through adversity, we took the opportunity to restructure where appropriate, our business operations.

We have decreased our debt exposure while maintaining a strong cash position.

We have won significant new business in Australia and the UK. This new business will significantly offset the jobbing type work lost in the second half of last year.

We have demonstrated Knowledgewell to be a revenue source in its own right.

We will launch the most exciting advance in Knowledgewell software to date and take it into the retail market early next year.

Our joint venture with Australia Post, iPrint, was instrumental in assisting with the win for Ford Australia for the pre-media and print procurement component of the business.

Our dividend payout remained strong and enabled us to offer shareholders an annual fully franked dividend of 12 cents per share, with an increased payout ratio of 70%.

I firmly believe that we have successfully taken and will continue to take the Wellcom business through the economic downturn.

The measures we have put in place for those parts of the business where action was required have been implemented in preparation for the current financial

year and beyond.

I believe our corporate philosophy of continually reinventing ourselves where necessary, continues to promote our client's trust and our shareholder's trust.

In turn, we benefit through shareholder satisfaction, as we add new business and cross-sell patronage through Wellcom's products and services offerings.

We now commence the formal part of the meeting:

I now ask you to receive and consider the reports of the Directors and the Auditor, and the financial statements for the year ended 30 June 2009 for the Company, and its controlled entities.

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

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

Do I have a seconder for the motion?

.....**Thankyou.**

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

Motion carried.

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

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

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

I, as Chairman of the meeting advise I am holding 45 valid shareholder proxies in relation to this resolution, which represents 5,710,789 ordinary shares, being:

33 proxies for, 2 proxies against, and 10 open proxies. The proxy's voting in favour of the resolution represent 98.5% of the shares voted.

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

Do I have anyone to propose this resolution?

Do I have a seconder for the motion?

.....Thankyou.

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

Resolution passed as an Ordinary Resolution.

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

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

Resolution 2: "That the Remuneration Report for the financial year ended 30 June 2009 be adopted".

I, as Chairman of the meeting advise I am holding 44 valid shareholder proxies in relation to this resolution, which represents 5,582,177 ordinary shares, being:

26 proxies for, 8 proxies against and 10 open proxies. The proxy's voting in favour of the resolution represent 97.77% of the shares voted.

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

Do I have a seconder for the motion?

.....Thankyou.

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

Resolution passed as an Ordinary Resolution.

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

Do we have any questions?

We have now reached the end of the 2009 Wellcom Group Annual General Meeting.

Before closing I would like to say I'm pleased with what has been a challenging year and especially pleased with the Australian operation in 2009.

We are truly a global organisation as demonstrated in our new business. Our service offering has increased at every juncture.

I believe our client relationships have strengthened.

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

Sincere thanks must also go to our clients, whose faith in our ability to deliver has kept us where we

are today. To all of you, thankyou.

Finally, I would like to thank you, our shareholders. We have maintained a strong fully franked dividend.

We approach this year with cautious optimism.

Thankyou for your time today and please accept some small gifts from our clients L'Oreal, Cadbury, BP and Woolworths Liquor, in appreciation of your support. This is available on your way out.

Thankyou.

END