

# Appendix 4E

## Preliminary financial report

### Wellcom Group Limited

ACN 114 312 542

Current reporting period: Year ended 30 June 2011  
Previous reporting period: Year ended 30 June 2010

This preliminary final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

#### Results for announcement to the market

##### Financial Results

				\$'000
Revenue	up	5%	to	57,248
Profit after tax attributable to members	up	26%	to	9,623
Net profit for the period attributable to members	up	26%	to	9,623

##### Dividends / Distributions

	Amount per security	Franked amount per security
Final dividend for the period ended 30 June 2011	9.0 ¢	9.0 ¢
Interim dividend for the period ended 31 December 2010	7.5 ¢	7.5 ¢
Record date for determining entitlements to the final dividend		1 September 2010
Payment date for final dividend		15 September 2010

##### Contents

Results for announcement to the market, based on the audited financial report of Wellcom Group Limited for the year ended 30 June 2011.

##### Additional Information

Additional Appendix 4E disclosure requirements can be found in the annual financial report of Wellcom Group Limited for the year ended 30 June 2011, lodged in conjunction with this report.

The information contained in this report is to be read in conjunction with any announcements made to the market by Wellcom Group Limited during the financial period.

For further information on Wellcom Group Limited, please visit our website at: [www.wellcom.com.au](http://www.wellcom.com.au)

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## Explanation of Results

On 1 July 2010 Wellcom Group Limited completed the sale of its 50% interest in the web offset printer Kinkaid Pty Ltd, (trading as Cadillac Printing), and closed sheet-fed operations in Queensland, in order to focus on core business activities. On 30 June 2011 the Group also completed the acquisition of 100% of the share capital of iPrint Corporate Pty Ltd (iPrint), previously a 50% equity accounted joint venture between Wellcom Group Limited and Australian Postal Corporation.

The Group has maintained earnings within the Australasian pre-media operations, notwithstanding significant investment in the Company's proprietary Knowledgewell software and the start-up capital required to fund operations for future growth within Singapore and Malaysia. The Group's UK pre-media division has experienced strong earnings growth on the prior year generating earnings before interest, tax and management charges of \$728k (2010: loss of \$584k). The Group's strong client base, new business not fully reflected in the results for the year ended 30 June 2011, and the potential for further acquisitions is expected to provide the basis for growth in the next financial year.

### Operating results for the year

The table below displays the result for the year ended 30 June 2011 together with the prior comparative period.

	2011 \$'000	2010 \$'000
<b>Revenue</b>	<b>57,248</b>	<b>54,623</b>
Earnings before interest and tax (EBIT)	11,846	10,445
<b>Profit after tax from continuing operations</b>	<b>9,146</b>	<b>7,660</b>
Profit after tax from discontinued operations	477	2
Total profit after tax for the period	9,623	7,662
Non-controlling interest	-	(1)
Profit after tax attributable to the owners of Wellcom Group Ltd	9,623	7,661

The sale of Cadillac Printing necessitated the reclassification of the reported 30 June 2010 financial results, whereby the financial performance of Cadillac has been disclosed as a discontinued operation within the 2010 consolidated income statement. The following review of operating results for the year is in respect of the continuing operations of the Group excluding the results of Cadillac Printing.

Group revenues of \$57.25m (2010: \$54.62m) represented an increase of 5% over the previous financial year. This result included organic growth of 5% in Australasia, notwithstanding the strategic exit from the Queensland market, and 2% in the UK. Wellcom's Asian operations contributed sales of \$1.1m, representing 2% of the organic growth.

Operating margins within the group continued to improve when viewed in comparison to the prior corresponding period, increasing from 21% to 22%.

EBITDA from continuing operations increased by 6% to \$13.8m (2010: \$13.0m) with EBIT from continuing operations increasing by 13% to \$11.8m (2010: \$10.4m).

NPAT from continuing operations attributable to the owners of the Group increased by 19% to \$9.15m (2010: \$7.66m). The effective tax rate for the Group was 25% (2010: 26%).

### Shareholder returns

The shareholder returns presented below are based on results from continuing operations excluding Cadillac Printing (disposed of 1 July 2010) and including iPrint (acquired 30 June 2011).

	2011	2010
Basic earnings per share (cents)	<b>23.34</b>	19.55
Return on net assets (%)	<b>17.42</b>	14.98
Return on net assets excluding goodwill & intangibles (%)	<b>44.40</b>	38.52
Dividend payout ratio (%)	<b>70.70</b>	71.62

### **Liquidity and financial condition**

The Company has registered a strong improvement in net operational cash flow which, at \$11.7m, represents a 5% increase over the previous financial year. While net assets within the Group are comparable to the prior year, the divestment of Kinkaid Pty Ltd (trading as Cadillac Printing) and acquisition of iPrint Corporate Pty Ltd has had an impact on the composition of the statement of financial position. As at 30 June 2011 the Group has no net debt with cash and cash equivalents in excess of interest bearing liabilities by \$17.6m (2010: net debt of \$0.2m), providing flexibility to pursue opportunities that may arise. The Group has \$10.6m of unused facilities as at 30 June 2011 (2010: \$13.2m), the decrease reflecting a reduction in the Group's overall facilities to \$11.8m (2010: \$18.4m).

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### **Dividends**

A 100% franked final dividend of 8 cents per ordinary share was paid on 17 September 2010. The total amount of the dividend paid was \$3,135,200.

A 100% franked interim dividend of 7.5 cents per ordinary share was paid on 31 March 2011. The total amount of the dividend paid was \$2,939,250.

Total dividends paid during the financial year were 15.5 cents per ordinary share. The total amount paid was \$6,074,450.

A 100% franked final dividend of 9.0 cents per ordinary share was declared on 17 August 2011. The record date for determining entitlements to the final dividend is 1 September 2011. The final dividend will be paid on 15 September 2011. The total amount of the final dividend to be paid is \$3,527,100. As this dividend was not declared prior to the end of the financial year it has not been recognised in the accounts for the year ended 30 June 2011.

Total dividends paid or declared in relation to the financial year ended 30 June 2011 were 16.5 cents per ordinary share. The total amount paid or payable is \$6,466,350.

There are no dividend reinvestment plans or share buybacks currently offered or in operation.

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### **Net tangible assets per security**

Net tangible assets per security at 30 June 2011 was 52.56 cents (2010: 50.75 cents).

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### **Entities over which control has been gained or lost**

There has been no change in control over the 100% owned subsidiaries Wellcom London Ltd (formerly Keene Repro Ltd), Wellcom Group Pte Ltd and Wellcom Moving Images Pty Ltd.

On 1 July 2010 the Group disposed of its 50% shareholding in Kinkaid Pty Ltd (trading as Cadillac Printing) to interests associated with Wayne Sidwell, Executive Chairman of the Wellcom Group Ltd.

On 5 August 2010 a 100% owned subsidiary, WellMalaysia Sdn Bhd, was incorporated in Malaysia.

On 30 June 2011, the Group acquired the remaining 50% of the shares not previously owned in iPrint Corporate Pty Ltd from Australian Postal Corporation. Prior to the acquisition both Wellcom Group Limited and Australian Postal Corporation held a 50% joint venture interest in the iPrint Corporate Pty Ltd.

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### **Subsidiary and Joint Venture entities**

<u>Name of Subsidiary/Joint Venture entity</u>	<u>Ownership Interest</u> <u>At 30.06.11</u>	<u>Entity Net Profit/</u> <u>(Loss) After Tax</u> <u>\$'000</u>
Wellcom London Ltd (formerly Keene Repro Limited)	100%	\$ 514
iPrint Corporate Pty Ltd	100%	\$ 1,944 *
Wellcom Group Pte Ltd	100%	\$ (245)
Wellmalaysia Sdn Bhd	100%	\$ (268)
Wellcom Moving Images Pty Ltd **	100%	-

\* Represents 100% of the entity net profit, of which \$972k was equity accounted within the Wellcom Group Limited income statement for the year ended 30 June 2011.

\*\* Wellcom Moving Images Pty Ltd was dormant for the whole of the financial year.