

Appendix 4E

Preliminary financial report

Wellcom Group Limited

ACN 114 312 542

Current reporting period: Year ended 30 June 2016
Previous reporting period: Year ended 30 June 2015

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	35%	to	\$156,237
Profit after tax from continuing operations attributable to members	up	14%	to	\$11,104
Profit after tax from ordinary activities attributable to members	up	14%	to	\$11,104
Net profit for the period attributable to members	up	14%	to	\$11,104

* Revenues (excluding print management pass through costs) of \$103,375k (2015: \$85,895k) represented an increase of 20% over the previous corresponding financial period.

Dividends / Distributions

	Amount per security	Franked amount per security
Final dividend for the period ended 30 June 2016	13.5 ¢	13.5 ¢
Interim dividend for the period ended 31 December 2015	9.0 ¢	9.0 ¢
Record date for determining entitlements to the final dividend	2 September 2016	
Payment date for final dividend	16 September 2016	

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Results for announcement to the market, based on the audited financial report of Wellcom Group Limited for the year ended 30 June 2016.

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 2016, 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.wellcomworldwide.com

Explanation of Results

Operating results for the year

Group revenue of \$156,237k (2015: \$115,354k) represented an increase of 35% over the previous financial year, with net revenue (excluding print management pass through costs) of \$103,375k (2015: \$85,895k) representing an increase of 20% over the same period. The increase in net revenue has been driven by the acquisitions of Dippin' Sauce (US) and Additive Pixel (UK), in conjunction with organic sales growth across all segments. Significant new business wins included Telstra (Australia), BASF (Australia), Michael Kors (UK/US) and Luxottica (US), complemented by an expansion of Wellcom's UK partnership with Bartle, Bogle & Hegarty (BBH), in undertaking the marketing production for Tesco and Audi. The second half of the financial year included the account losses of Westpac Bank and Dick Smith Holdings in Australia, the Dick Smith business having entered into receivership.

Operating margins within the Group fell slightly to 19.0% on a net revenue basis (2015: 19.5%), though improved when adjusting for the impact of foreign exchange fluctuations and a one-off cost associated with the receivership of Dick Smith Holdings.

EBITDA from continuing operations increased by 19% to \$19,077k (2015: \$16,069k), with EBIT from continuing operations increasing by 18% to \$16,443k (2015: \$13,898k). NPAT from continuing operations attributable to the owners of the Group increased 14% to \$11,104k (2015: \$9,762k), with the associated earnings per share from continuing operations increasing 14% to 28.33 cents (2015: 24.91 cents).

The effective tax rate for the Group was 32% (2015: 29%), increasing on a Group basis due to proportionally higher tax rates in the United States.

Shareholder returns

The shareholder returns presented below are based on results from continuing operations.

	<u>2016</u>	<u>2015</u>
Basic earnings per share (cents)	28.33	24.91
Return on net assets (%)	16.97	15.40
Dividend payout ratio (%)	79.41	82.30

Liquidity and financial condition

The Group generated \$13,593k in cash from operating activities for the year ended 30 June 2016 (2015: \$13,780k). Net assets increased \$2,056k to \$65,428k (2015: \$63,372k). As at 30 June 2016 the Group has cash equivalents in excess of interest bearing liabilities by \$7,505k (2015: \$8,823k). This, in combination with \$8,132k of unused bank facilities (2015: \$8,020k), provides significant capital to pursue complementary acquisitions as they arise.

Dividends

A 100% franked final dividend of 12.0 cents per ordinary share was paid on 18 September 2015. The total amount of the dividend paid was \$4,702,800.

A 100% franked interim dividend of 9.0 cents per ordinary share was paid on 18 March 2016. The total amount of the dividend paid was \$3,527,100.

Total dividends paid during the financial year were 21.0 cents per ordinary share. The total amount paid was \$8,229,900.

A 100% franked final dividend of 13.5 cents per ordinary share was declared on 17 August 2016. The record date for determining entitlements to the final dividend is 2 September 2016. The final dividend will be paid on 16 September 2016. The total amount of the final dividend to be paid is \$5,290,650. 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 2016.

Total dividends paid or declared in relation to the financial year ended 30 June 2016 were 22.5 cents per ordinary share. The total amount paid or payable is \$8,817,750.

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

Net tangible assets per security

Net tangible assets per security at 30 June 2016 was 42.31 cents (2015: 42.51 cents).

Entities over which control has been gained or lost

There has been no change in control over the 100% owned subsidiaries Wellcom London Ltd, Wellcom Group Pte Ltd, Wellmalaysia Sdn Bhd, Wellcom Moving Images Pty Ltd, iPrint Corporate Pty Ltd, Wellcom Group Inc, theLab LLC, Dippin' Sauce LLC and Wellcom Group Ltd (Hong Kong).

Subsidiary and Joint Venture entities

<u>Name of Subsidiary/Joint Venture entity</u>	<u>Country of incorporation</u>	<u>Ownership Interest At 30.06.16</u>	<u>Entity Net Profit After Tax \$'000</u>
Wellcom London Ltd	United Kingdom	100%	\$ 1,614
Wellcom Group Pte Ltd	Singapore	100%	\$ 174
Wellmalaysia Sdn Bhd	Malaysia	100%	\$ 80
Wellcom Moving Images Pty Ltd *	Australia	100%	-
iPrint Corporate Pty Ltd *	Australia	100%	-
Wellcom Group Inc	United States of America	100%	\$ 1,838
theLab LLC **	United States of America	100%	-
Dippin' Sauce LLC **	United States of America	100%	-
Wellcom Group Ltd	Hong Kong	100%	(\$40)

* Wellcom Moving Images Pty Ltd and iPrint Corporate Pty Ltd were dormant for the whole of the financial year.

** theLab LLC and Dippin' Sauce LLC profits are consolidated within its parent entity Wellcom Group Inc.
