

SALMAT LIMITED
CHAIRMAN'S SPEECH

THIS HAS BEEN ONE OF OUR BUSIEST AND MOST IMPORTANT YEAR'S ON RECORD WITH STRONG SALES GROWTH, A SOUND OVERALL RESULT AND ONE WHERE STRATEGIC INITIATIVES HAVE POSITIONED US TO BECOME THE LEADING FORCE IN ONE-TO-ONE COMMUNICATION IN AUSTRALIA.

TURNING TO THE FINANCIAL RESULTS FOR THE YEAR.

GROUP REVENUES BROKE THROUGH THE \$600 MILLION BARRIER FOR THE FIRST TIME WITH GROWTH OF 14.3%, TO \$601.9 MILLION, WITH ALL DIVISIONS CONTRIBUTING.

OUR PROFIT AFTER TAX WAS UP BY NEARLY 70%, BOOSTED BY THE SIGNIFICANT PROFIT ON THE SALE OF THE PHILIPPINES CONTACT CENTRE JOINT VENTURE. EXCLUDING SIGNIFICANT ITEMS, THE RESULT WAS BROADLY IN LINE WITH LAST YEAR AT \$27.5 MILLION.

DIVIDENDS PAID FOR THE YEAR WERE 18.0 CENTS PER SHARE FULLY FRANKED, AN INCREASE OF 9.1% OVER 2006. IN ADDITION, A SPECIAL DIVIDEND OF 10 CENTS PER SHARE WAS PAID ON 28 MARCH.

OUR SHAREHOLDER RETURNS FOR 2007 WERE STRONG AT 68.2% FOR THE YEAR, DRIVEN BY A COMBINATION OF SHARE PRICE GROWTH AND INCREASED DIVIDENDS. AND OUR TOTAL SHAREHOLDER RETURN FOR THE 5 YEARS SINCE LISTING IS 189%, A STRONG RETURN BY ANY MEASURE.

AT SALMAT, WE HAVE ALWAYS BELIEVED THAT STRATEGY IS ABOUT CREATING A TREND, NOT FOLLOWING ONE.

SALMAT WAS THE FIRST COMPANY IN AUSTRALIA TO RECOGNISE, THEN ORGANISE AND THEN DEVELOP AS A SOPHISTICATED MARKETING TOOL, THE DISTRIBUTION SYSTEM FOR CATALOGUES INTO THE HOMES OF AUSTRALIAN CONSUMERS. TODAY, CATALOGUES FAR OUTSTRIP IN DOLLAR VOLUME, ANY OTHER MEDIA USED BY AUSTRALIAN RETAILERS.

SALMAT ALSO PIONEERED THE OUTSOURCING OF MANY OF THE BUSINESS PROCESSING REQUIREMENTS OF AUSTRALIA'S LARGEST COMPANIES. THESE DATA DELIVERY, SCANNING AND STORAGE TECHNOLOGIES ARE NOW ABOUT TO ENTER A NEW PHASE OF LIFE BECOMING POWERFUL MARKETING TOOLS FOR OUR CLIENTS.

WHEN SALMAT PURCHASED SALESFORCE IN 2006, WE ADDED TO OUR GROUP A BUSINESS WHICH HAD BECOME AUSTRALIA'S LEADING IN-BOUND AND OUT-BOUND CALL CENTRE OPERATOR. SALES FORCE HAS LONG BEEN THE INNOVATOR IN THIS MARKET.

IN 2007, WE ADDED VECOMMERCE AND DIALECT, TWO COMPANIES WITH LEADING EDGE TECHNOLOGY IN VOICE INTERACTIVE AND SMS COMMUNICATION.

AND THIS WEEK WE LAUNCHED LASOO.COM.AU, AUSTRALIA'S FIRST ON-LINE CATALOGUE SEARCH ENGINE.

MANY OF AUSTRALIA'S LEADING BUSINESSES ARE ALREADY USING OUR CUSTOMER COMMUNICATION SERVICES ACROSS MANY OF THEIR DIVISIONS AND ACTIVITIES.

THESE STRATEGIC ASSETS AND THE DISTINCTIVE CAPABILITIES WHICH EXIST IN OUR COMPANY WILL BE THE DRIVING FORCE BEHIND OUR FUTURE COMPETITIVE ADVANTAGE.

WE BELIEVE THAT SALMAT IS NOW IN A POSITION TO HIGHLIGHT ITS COMPETITIVE ADVANTAGE IN THE AUSTRALIAN MARKETING LANDSCAPE.

WE ARE POSITIONING SALMAT AS THE COMPANY WHICH CAN DELIVER ONE-TO-ONE COMMUNICATION ON A MASS SCALE.

ONE TO ONE COMMUNICATIONS DELIVERED ON A MASS SCALE.

IN THE PAST, THE ECONOMICS OF BROADCASTING, PUBLISHING AND PRINTING ALWAYS FAVOURED MASS DELIVERY OR "NUCLEAR" MARKETING I.E. DROP A HEAVY PAYLOAD ON AS MANY PEOPLE AS POSSIBLE AND HOPE THAT SOMEONE NOTICES.

MARKETERS HAVE TRIED TO SPREAD THEIR COSTS OVER AS BROAD A DELIVERY BASE AS POSSIBLE. HOWEVER, THE FRAGMENTATION OF THE MEDIA SECTOR AND THE SPLITTING OF CONSUMERS' MEDIA CONSUMPTION PRESENTS A KEY OPPORTUNITY FOR OUR COMPANY.

MANY COMPANIES TODAY HAVE COME TO THE REALISATION THAT MASS COMMUNICATION TECHNIQUES ARE NEITHER THE ONLY WAY, NOR EVEN THE BEST WAY, TO ESTABLISH LONG TERM RELATIONSHIPS WITH CUSTOMERS OR CONSUMERS.

THEY WANT SOLUTIONS THAT COMMUNICATE TO HUGE AUDIENCES ONE PERSON AT A TIME. AT SALMAT, WE BELIEVE THE STRATEGIC TREND IN MARKETING IS TO MOVE FROM EXPOSURE TO ENGAGEMENT.

THE TRADITIONAL MEDIA INDUSTRY IN AUSTRALIA HAS RECENTLY BEEN GRAPPLING WITH THE FACT THAT CONSUMERS ARE DISENGAGING FROM THEIR PRODUCT.

AT SALMAT HOWEVER, WE BELIEVE WE HAVE DEFINED ENGAGEMENT IN ITS TRUE SENSE – WE INTERACT WITH THE CONSUMERS WE REACH. FOR EXAMPLE, AT SALMAT SALESFORCE WE HAVE CONVERSATIONS WITH CONSUMERS. SALMAT DIGITALFORCE THROUGH ITS LASOO.COM.AU BUSINESS ALLOWS CONSUMERS TO PRE-SHOP. SALMAT TARGETED MEDIA'S RESEARCH SHOWS THAT HOUSEHOLDERS SPEND MORE TIME WITH THEIR CATALOGUES THAN ANY OTHER ADVERTISING MEDIUM.

IN AUSTRALIA, THE COMPANY THAT HAS THE DISTINCTIVE TECHNOLOGICAL AND STRATEGIC CAPABILITIES TO DELIVER ONE-TO-ONE COMMUNICATION ON A MASS SCALE IS SALMAT.

NOW THAT WE HAVE COMPLETED THE ACQUISITION OF HPA, AND THE SCRIP TAKE UP HAS BEEN DETERMINED, THE BOARD HAS REVIEWED THE CAPITAL STRUCTURE FOR THE BUSINESS, WITH A VIEW TO HAVING AN APROPRIATE GEARING LEVEL AND FUNDING CAPACITY. AS A RESULT OF THIS REVIEW, THE BOARD HAS DECIDED ON A NUMBER OF CAPITAL MANAGEMENT INITIATIVES. MACQUARIE BANK HAS BEEN MANDATED TO RAISE \$75MILLION OF NEW EQUITY VIA A PLACEMENT. IN ADDITION, A SHARE PURCHASE PLAN OFFER WILL BE MADE TO SHAREHOLDERS. SALMAT WILL ALSO ACTIVATE ITS DIVIDEND REINVESTMENT PLAN FOR THE NEXT DIVIDEND IN APRIL 2008. THESE INITIATIVES ARE EXPECTED TO TAKE SALMAT'S GEARING TO WITHIN ITS TARGET RANGE (40 – 45%) AND INTEREST COVER ABOVE 5 TIMES.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE EMPLOYEES AND THE MANAGEMENT TEAM FOR THEIR TIRELESS EFFORTS IN SEEKING EXCELLENCE AND CONTRIBUTING TO THE YEAR'S SIGNIFICANT ACHIEVEMENTS.

I AM CONFIDENT THAT SALMAT'S GROWTH OPPORTUNITIES, STRONG FINANCIAL POSITION AND OUR LONG TERM CLIENT RELATIONSHIPS, COMBINED WITH A COMMITTED MANAGEMENT TEAM WILL ENSURE OUR CONTINING GROWTH IN THE YEARS AHEAD.

I WILL NOW ASK PHIL AND PETER TO PROVIDE AN UPDATE ON THE BUSINESSES AND PERFORMANCE.

SALMAT LIMITED

JOINT MANAGING DIRECTORS' SPEECHES

Phil Salter

THANKS RICK AND GOOD MORNING EVERYONE.

PETER AND I WILL COVER THE 2007 RESULTS FOR EACH OF OUR THREE DIVISIONS IN A BIT MORE DETAIL AND UPDATE YOU ON THE KEY ISSUES AND OUTLOOK FACTORS FACING THEM.

IN 2007 OUR STRATEGY OF INNOVATION AND IMPROVEMENT ACROSS EACH DIVISION, WHILST INCREASING THE SCALE OF OUR OPERATIONS AND CUSTOMER BASE HAS ENSURED OUR PLACE AS MARKET LEADERS. WE HAVE REINVESTED IN THE BUSINESS TO DELIVER NEW TECHNOLOGY SOLUTIONS TO OUR CUSTOMERS. OUR RESULTS FOR THE YEAR REFLECT THESE INVESTMENTS, OPERATIONAL INITIATIVES AND IMPROVEMENTS ACROSS THE GROUP.

SLIDE 3 – STRONG SALES GROWTH

THE STRONG SALES GROWTH ACHIEVED OF 14% WAS MAINLY ON THE BACK OF ORGANIC GROWTH WITH TOTAL SALES REACHING A RECORD \$602 MILLION.

TARGETED MEDIA CONTRIBUTED \$181 MILLION, UP SLIGHTLY, AND BUSINESS PROCESS OUTSOURCING CONTRIBUTED \$177 MILLION, UP 6%. SALESFORCE GENERATED \$244 MILLION IN SALES, AN OUTSTANDING INCREASE OF 35%. WE NOW BOAST A BUSINESS MIX OF THREE STRONG DIVISIONS WITH EXCELLENT IP AND

ASSETS, THIS PLACES US IN A UNIQUE POSITION TO EXTEND OUR LEADERSHIP POSITIONS IN THE MARKET AND EXPAND OUR COMPANY LEADING TO AN INCREASE IN LONG TERM SUSTAINABLE PROFITS.

SLIDE 4 – TARGETED MEDIA

MOVING ON TO THE DIVISIONAL REVIEWS.

2007 WAS A CHALLENGING YEAR FOR TARGETED MEDIA. OUR RESULTS FOR THE YEAR DEMONSTRATE RESILIENCE IN REPLACING THE LOSS OF THE COLES BRAND VOLUMES AND THE BENEFITS OF INCREASING OUR CUSTOMER BASE. IT WAS A COMPETITIVE MARKET ENVIRONMENT BUT, THROUGH THE INTRODUCTION OF NEW TECHNOLOGY AND OUR COMMITMENT TO ACCOUNTABILITY, THE DIVISION PERFORMED WELL.

AGAINST THIS BACKDROP IT WAS GREAT TO POST A SMALL INCREASE IN BOTH VOLUMES AND REVENUES FOR THE YEAR – NO MEAN ACHIEVEMENT. WE MANAGED THIS BY WINNING NEW BUSINESS. THIS HAS COME FROM BOTH OUR ONGOING STRATEGY OF TARGETING NON-TRADITIONAL USERS TO THE MEDIUM, AND WINNING NEW CUSTOMERS FROM COMPETITORS, WHO ARE SEEING THE BENEFITS OF IMPROVEMENTS MADE TO OUR OVERALL CUSTOMER PROPOSITION, SERVICE AND ACCOUNTABILITY FOR DELIVERY.

SALMAT PIONEERED THE INTRODUCTION OF TARGETED MEDIA IN AUSTRALIA AND IS CONSTANTLY ADVANCING ITS EFFECTIVENESS. WE EMPLOY THE BEST PEOPLE AND INVEST IN NEW TECHNOLOGY TO ENSURE WE REMAIN LEADERS IN THIS FORM OF CUSTOMER COMMUNICATION.

DURING THE YEAR WE ENHANCED OUR MULTI TIERED TOTAL ACCOUNTABILITY MODEL, INCLUDING ONLINE ACCESS FOR CUSTOMERS AND GPS TRACKING OF DELIVERIES. AT EACH STAGE, DELIVERY CAN BE MONITORED IN REAL TIME. OUR MAPPING TECHNOLOGY ALSO FACTORS IN IMPORTANT INFORMATION SUCH AS THE WEATHER, SO CLIENTS OBTAIN EXCELLENT DATA ABOUT ON TIME DELIVERY.

ONLINE ACCESS TO INFORMATION IS A POWERFUL INNOVATION THAT ELEVATES OUR SERVICE LEVELS TO THE HIGHEST IN THE MARKETS IN WHICH WE OPERATE.

WE RECENTLY ANNOUNCED THE COMPLETION OF A JOINT VENTURE WITH NEW ZEALAND POST TO DELIVER UNADDRESSED MAIL IN THE NEW ZEALAND MARKETPLACE. WE SEE THIS AS A SIGNIFICANT OPPORTUNITY TO POSITION OUR NEW ZEALAND OPERATIONS FOR LONG TERM GROWTH. THE NEW JOINT VENTURE WILL COMBINE THE STRENGTHS OF THE CURRENT BUSINESSES WHILE REALISING A NUMBER OF OPERATING EFFICIENCIES AND NETWORK SYNERGIES.

SLIDE 5 – LASOO

AND I'M VERY EXCITED ABOUT THE NEW DIGITAL ADVERTISING PRODUCTS WE'VE DEVELOPED AND BELIEVE WE WILL HAVE A PROMINENT PLACE IN THE "NEW MEDIA" OF EMERGING ONLINE ADVERTISING. WE CURRENTLY HAVE OVER 50 RETAILERS SIGNED PROVIDING BOTH A HOSTED SEARCH SERVICE FOR THEIR OWN CATALOGUES AND AN AGGREGATED SITE LASOO.COM.AU.

WITH LASOO.COM.AU, AUSTRALIAN SHOPPERS NOW HAVE A PLACE TO GO TO QUICKLY FIND WHAT IS ON SALE AT NEARBY STORES. A QUICK SEARCH AT LASOO.COM.AU, BEFORE STEPPING OUT THE DOOR, TO SEE WHAT IS BEING OFFERED FROM WHERE,

AND AT WHAT PRICE, WILL BECOME THE NORMAL BEHAVIOUR OF SHOPPERS. WE CALL THIS PRE-SHOP.

LASOO SEARCHES ACROSS RETAILERS' ADVERTISED OFFERS, FROM THEIR CATALOGUES AND NEWSPAPER ADS. IT ENABLES USERS TO QUICKLY REFINE THEIR SEARCH BY LOCATION, BRAND, RETAILER, PRICE AS WELL AS SPECIFIC PRODUCT ATTRIBUTES. THOUSANDS OF ADVERTISED OFFERS CAN BE SEARCHED ACROSS AND REFINED DOWN TO WHAT YOU WANT IN A MATTER OF SECONDS.

LASOO ALSO ALLOWS THE USER TO BROWSE THROUGH RETAILER CATALOGUES FROM COVER TO COVER, OR BROWSE VIA PRODUCT CATEGORIES FOR INSPIRATION, ALL FROM THE COMFORT AND CONVENIENCE OF THEIR HOME OR WORK.

LASOO IS WHERE YOU GO TO QUICKLY FIND WHAT IS ON OFFER. THEN ALL YOU NEED TO DO IS TO GO INTO THAT STORE TO BUY IT. LASOO CAN ALSO HELP HERE WITH MAPS FOR EVERY STORE, OPENING HOURS AND MORE.

LASOO LAUNCHED JUST OVER A WEEK AGO. IT HAS ALREADY PUBLISHED OVER 45 CATALOGUES FROM AS MANY RETAILERS, AND AGGREGATED OVER 10,000 OFFERS FOR USERS TO SEARCH ACROSS. WELCOME TO THE POWER OF PRE-SHOP.

PAUL MARSHALL WHO HEADS UP THIS BUSINESS FOR US WILL BE HAPPY TO TAKE YOU ON A TOUR OF LASOO AFTER THE MEETING.

SLIDE 6 – SALESFORCE

MOVING ON NOW TO SALESFORCE.

SALESFORCE'S PERFORMANCE OVER THE YEAR WAS OUTSTANDING, WITH CONTINUED GROWTH IN CUSTOMERS, SEATS, SALES AND PROFITS. SALESFORCE MET THE CHALLENGE OF MANAGING AND SUSTAINING THIS SIGNIFICANT GROWTH.

THE GROWTH EXCEEDED OUR EXPECTATIONS, WITH SALES INCREASING 35% AND EARNINGS DOUBLING.

DURING THE YEAR WE GREW OUR AVAILABLE SEATS BY 41% TO 3,878 AS A RESULT OF EXPANDING OPERATIONS IN SYDNEY, MELBOURNE AND AUCKLAND, AND OPENING A NEW CALL CENTRE IN GEELONG.

SLIDE 7 - SALESFORCE GROWTH DRIVERS SLIDE

OUR SUPERIOR SKILLS AND FACILITIES IN AUSTRALIA AND NEW ZEALAND MAKE US THE MARKET LEADER IN THIS ESSENTIAL FORM OF CUSTOMER COMMUNICATION.

WE ARE ABLE TO OFFER CLIENTS A MARKET LEADING RANGE OF CONTACT CENTRE SERVICES THAT ALLOWS THEM TO CHOOSE THE RIGHT DELIVERY MODEL DEPENDING ON TASK COMPLEXITY AND COST OBJECTIVES.

THROUGH VECOMMERCE, A WORLD LEADER IN SPEECH RECOGNITION SOFTWARE AND APPLICATIONS, WE PROVIDE SELF SERVICE SOLUTIONS INCLUDING BIOMETRIC AUTHENTICATION FOR COMPANIES SEEKING TO IMPROVE THEIR LEVELS OF CUSTOMER SERVICE, SECURITY AND PRIVACY.

AND SALESFORCE @HOME GIVES OPPORTUNITIES TO PEOPLE WHO MIGHT FIND WORKING IN A TRADITIONAL OFFICE ARRANGEMENT IMPRACTICAL OR INFLEXIBLE. OUR PURCHASE OF A-FRAME ONLINE LEARNING INTO OUR @HOME OPERATION HAS ENABLED US TO EQUIP PEOPLE TO ENJOY THE BENEFITS OF WORKING FROM HOME IN

A VIRTUAL COMMUNITY, WITH THE FREEDOM OF TAILORING THEIR HOURS TO MEET THEIR LIFESTYLE.

SO OUR CLIENTS CAN CHOOSE BETWEEN, OR COMBINE, METROPOLITAN, REGIONAL, @HOME OR OFFSHORE CONTACT CENTRES, PLUS FULL OR PARTIAL AUTOMATION VIA IVR AND SPEECH RECOGNITION.

THE OUTSOURCED CALL CENTRE MARKET HAS GROWN TO 16.5% OF TOTAL CALL CENTRE SEATS AND WE BELIEVE THAT THIS TREND WILL CONTINUE, FOLLOWING THE LEAD OF ESTABLISHED OVERSEAS MARKETS WHERE OUTSOURCING ACCOUNTS FOR UP TO 35% OF THE MARKET.

SALESFORCE IS WELL POSITIONED AS THE MARKET LEADER IN THE OUTSOURCED SEGMENT WITH APPROXIMATELY 22% MARKET SHARE.

Peter Mattick

THANKS PHIL AND GOOD MORNING.

SLIDE 8 – BUSINESS PROCESS OUTSOURCING

IT WAS AN ENCOURAGING YEAR FOR BPO , REAPING THE REWARDS OF OUR STRATEGIC INVESTMENT IN TECHNOLOGY AND EQUIPMENT ACROSS OUR SITES AND IN NEW SYSTEMS AND PROCESSES.

SALES FOR THIS DIVISION, WHICH SERVICES MANY OF AUSTRALIA'S LARGEST CORPORATE AND GOVERNMENT ORGANISATIONS ROSE BY 6% AND EARNINGS IMPROVED BY 9%.

INNOVATION HAS BEEN IMPORTANT IN BPO WITH THE ENHANCEMENT OF "E-SOLUTIONS", OUR WORKFLOW, SCANNING AND IMAGING PRODUCTS. OUR E-SOLUTIONS ARE ALSO ADVANCING THE CAPABILITY OF CLIENTS TO PROCESS AND ACCESS DOCUMENTS ONLINE. SALMAT NOW MANAGES AROUND 2 BILLION DOCUMENTS IN OUR ONLINE ARCHIVE. WE ALSO NOW BOAST A NATIONAL CAPABILITY IN OUR PRINT ON DEMAND BUSINESS AFTER SMALL ACQUISITIONS IN WA AND SA.

OUR ACQUISITION OF HPA LIMITED WAS COMPLETED ONLY A WEEK AND A HALF AGO ON 2 NOVEMBER. HOWEVER WE ARE WELL DOWN THE PATH OF DEVELOPING OUR PLANS FOR THE INTEGRATION OF THE BUSINESS. WE HAVE BEEN FORTUNATE TO RETAIN THE LEADERS OF BOTH BPO BUSINESSES, AND I'M PLEASED TO ANNOUNCE THAT TERRY DALY WILL BE THE MANAGING DIRECTOR OF THE COMBINED BUSINESS WITH DAVID BESSON ACTING AS CHIEF OPERATING OFFICER. TERRY IS HERE TODAY AND I'D LIKE TO ACKNOWLEDGE AND WELCOME HIM. TERRY, PLEASE STAND UP.....THANKS.

THE COMBINED OPERATION HAS ACCESS TO A TALENTED MANAGEMENT TEAM, A BROAD CUSTOMER BASE AND A DEPTH OF ASSETS AND TECHNOLOGICAL CAPABILITIES TO PROVIDE US WITH MANY OPPORTUNITIES TO GROW THE BUSINESS INTO THE FUTURE.

THE TWO BUSINESSES BRING STRONG COMPLEMENTARY PRODUCT RANGES TO THE MIX AND THE POSSIBILITIES FOR DRIVING SYNERGIES ARE ENCOURAGING. BASED ON

OUR PRELIMINARY ANALYSIS TO DATE WE EXPECT ANNUALISED SYNERGIES OVER TIME IN THE REGION OF \$10 - \$15M P.A.

IT IS EARLY DAYS BUT THE CULTURAL FIT BETWEEN THE TWO ORGANISATIONS APPEARS TO BE EXCELLENT, WHICH IS SO IMPORTANT, AND I AM CONFIDENT THAT THE TEAMS WILL COMBINE CONSTRUCTIVELY FOR THE INTEGRATION PROCESS.

SLIDE 9 – OUTLOOK FY08

TURNING NOW TO THE CURRENT YEAR AND I WILL CAVEAT EVERYTHING HERE WITH THE FACT THAT WE STILL HAVE OUR PEAK TRADING MONTHS TO COME AND WE ARE OPERATING IN SOME COMPETITIVE MARKETS.

WE HAVE STARTED THE YEAR WELL WITH SALES CURRENTLY ABOVE LAST YEAR'S. SALES FOR THE FIRST HALF, EXCLUDING ANY CONTRIBUTION FROM HPA, ARE EXPECTED TO BE 10% TO 12% UP ON THE FIRST HALF OF LAST YEAR. REVENUES HAVE BEEN BOLSTERED BY LAST YEAR'S ACQUISITIONS OF VECOMMERCE AND DIALECT.

TARGETED MEDIA

IN TARGETED MEDIA, WE CONTINUE TO ATTRACT NEW CUSTOMERS AND ARE PLEASED TO ANNOUNCE THAT WE HAVE RETAINED THE TARGET PORTION OF THE COLES WORK THAT WAS TO TRANSITION TO A COMPETITOR A LITTLE OVER A YEAR AGO. IN ADDITION WE HAVE RETAINED THE WOOLWORTHS SUPERMARKETS, BIG W, BEER WINE AND SPIRITS (BWS) AND DAN MURPHY'S ACCOUNTS FOR A FURTHER TWO YEARS AND ARE DELIGHTED TO HAVE NOW SECURED THE DICK SMITH ELECTRONICS, TANDY

AND POWERHOUSE BUSINESS AS WELL. WE HAVE ALSO JUST SECURED PIZZA HUT'S BUSINESS.

VOLUMES ARE RECOVERING FROM LAST YEARS LEVELS AND ARE EXPECTED TO BE UP BY MORE THAN 7% AT THE FIRST HALF.

MARGINS WILL HOWEVER BE IMPACTED BY THE EFFECTS OF THE COMPETITIVE MARKET AND BY COST PRESSURES ASSOCIATED WITH THE INCREASED PAGINATION OF CATALOGUES AND THE SIGNIFICANTLY INCREASED NUMBER OF JOBS BEING PROCESSED. WE ARE FOCUSED ON RECOVERING OUR MARGINS THROUGH PRODUCTIVITY/EFFICIENCY IMPROVEMENT AND THROUGH A STRATEGY TO INCREASE PRICES.

SALESFORCE

SALESFORCE HAD AN EXCEPTIONAL YEAR LAST YEAR WITH SALES GROWTH OF 35% WE EXPECT MORE MODERATE GROWTH THIS YEAR MORE IN LINE WITH INDUSTRY GROWTH RATES.

MARGINS FOR THE FIRST HALF LAST YEAR WERE BOOSTED BY SOME ONE OFF CAMPAIGN WORK COMBINED WITH SEAT UTILISATION LEVELS OF CLOSE TO 100%.

OUR FIRST HALF MARGINS THIS YEAR WILL REFLECT THE COSTS OF INCREASING OUR SEAT CAPACITY AND OPERATING AT MORE SUSTAINABLE UTILISATION LEVELS OF AROUND 80%, AS WELL AS COSTS OF THE INVESTMENT WE HAVE PUT INTO GETTING A-FRAME, OUR ONLINE TRAINING FACILITY, AND OUR @HOME MODEL UP AND RUNNING. THE EBITA RESULT FOR THE HALF IS EXPECTED TO BE LOWER THAN THE PRIOR CORRESPONDING HALF, BUT WE EXPECT OUR SECOND HALF TO BE STRONGER, WITH FULL YEAR RESULTS ABOVE LAST YEAR'S.

BPO

PROGRESS IN OUR AUSTRALIAN AND ASIAN BPO BUSINESSES, CONTINUES TO BE ENCOURAGING. REVENUES FOR THE FIRST HALF EXCLUDING ANY CONTRIBUTION FROM HPA ARE HOWEVER EXPECTED TO BE IN LINE WITH THE PRIOR CORRESPONDING HALF AS WE'VE EXITED SOME LESS PROFITABLE WORK IN OUR PRINT-ON-DEMAND BUSINESS. OBVIOUSLY OUR MAJOR FOCUS NOW IS THE HPA INTEGRATION AND WE WILL REPORT MORE ON THIS AT THE TIME OF OUR HALF YEAR RESULTS, IN FEBRUARY 2008.

OVERALL

NET PROFIT FOR THE HALF-YEAR IS EXPECTED TO BE LOWER THAN THE PRIOR CORRESPONDING PERIOD EXCLUDING ANY CONTRIBUTION FROM THE PROPOSED ACQUISITION OF HPA LIMITED. THE PRIOR PERIOD RESULTS INCLUDED A NET PROFIT ON THE SALE OF THE CLIENT LOGIC PHILIPPINES JOINT VENTURE OF \$25 MILLION AND EQUITY ACCOUNTED PROFITS FROM THE JOINT VENTURE OF \$1.3 MILLION.

IN ADDITION THE CURRENT PERIOD RESULTS WILL REFLECT HIGHER COSTS ARISING FROM THE FURTHER DEVELOPMENT AND LAUNCH OF SALMAT'S NEW ONLINE DIGITAL MEDIA WWW.LASOO.COM.AU EXPECTED TO BE UP TO \$4 MILLION, AS WELL AS EXPECTED RESTRUCTURE AND REDUNDANCY COSTS OF APPROXIMATELY \$2 MILLION. THE ACQUISITIONS OF VECOMMERCE AND DIALECT WILL BE MARGIN DILUTIVE TO EARNINGS.

ON A LIKE FOR LIKE BASIS, UNDERLYING NET PROFIT AFTER TAX EXCLUDING HPA IS EXPECTED TO BE LOWER THAN THE PRIOR CORRESPONDING HALF BY AROUND 10% - 15%.

SALMAT IS CONFIDENT, WITH NEW CONTRACTS IN HAND, OF A STRONGER SECOND HALF AND THAT FULL YEAR EBITA (EARNINGS BEFORE INTEREST, TAX AND

AMORTISATION) EXCLUDING SIGNIFICANT ITEMS AND THE PROPOSED HPA ACQUISITION (I.E. ON A LIKE FOR LIKE BASIS) WILL BE ABOVE LAST YEAR'S RESULT.

I WILL NOW HAND BACK TO OUR CHAIRMAN, RICK LEE.