











Salmat's Vision

To be Australia's leading omni-channel communication partner

Providing seamless and integrated front office solutions designed to acquire, grow and retain customers.

Maximising our clients
Return on Communication.

Salmats' omni-channel communication solutions



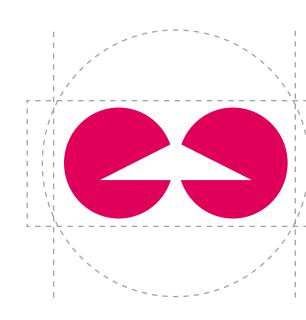
Project implementation maximising

Return on Communication

DIGITAL



Digital Strategy
Email & Mobile marketing
Loyalty & customer engagement
Social marketing & monitoring
SEM, SEO and web development
App development
E-commerce
Digital catalogues
Kiosks



$D\Lambda T\Lambda$



Customer targeting
Geo-demographic profiling
CRM & Marketing database builds
Loyalty Management Systems
Store location and retail optimisation
Single customer view
Web services & APIs
Tele-append



Targeted Catalogue distribution Geo-demographic insights & maps Market find & data analytics







Developing unique channels to consumers



Contact Centre Solutions Speech solutions Direct sales Intuitive voice biometrics Outsourcing & offshore solutions Omni-channel Agent of the Future across phone, email, chat, SMS, social media

Consistent long term strategy

SCALABLE, TECHNOLOGY DRIVEN SOLUTIONS

ONE SALMAT

Implementation of scalable technology driven solutions across the group.

We are using technology to extract further value from all of our businesses and to capture opportunities in the emerging high growth digital communication and commerce channels. The opportunity is to provide our clients with a service they need on a more cost effective basis and with lower risk. 18% of our revenue in 2012 came from technology driven solutions, up from 14% in the previous year.

Leverage existing client base – cross sell & up sell.

Our sales objective is to sell solutions, not products, with a focus on highly integrated omni-channel communication solutions. This objective is complemented by our One Salmat initiative that delivers all of the resources of Salmat to our clients and continues to drive revenue. We are 70% more likely to win an opportunity if that opportunity is with an existing client. One in three sales opportunities are across our business units.

NEW MARKETS

OPTIMISE

Extend current services into new markets.

To drive revenue growth across the Group, Salmat is looking to new markets such as small to medium enterprises (SMEs), FMCG companies and non-traditional retailers. The focus on SMEs is delivering encouraging results with our Local Direct Network (LDN) business growing strongly since it began two years ago. We will be expanding the capabilities of LDN to provide SMEs with a range of integrated targeted marketing tools.

Operational excellence – Striving to be the best we can be.

Optimise is an enterprise wide initiative to deliver sustainable year on year earnings enhancement through innovation in operations. Optimise is integrated into the fabric of the business, providing thought leadership for transformational change across business and operational strategy and business optimisation. It is underpinned by senior executive sponsorship and strong internal governance ensuring execution of key strategic initiatives. Expansion of revenue streams and cost reduction under this program has delivered benefits of \$32 million this year.







IIN3
sales opportunities
span business units –
Up 70% on prior year.

more likely to win a sales opportunity if already a client.

NEW MARKETS

400m 17.3K

catalogues per annum, target is 1 billion in 3-5 years.

Australian businesses trust the LDN to deliver.



Salmat has developed the fast growing Local Direct Network ('LDN') business providing targeted catalogue marketing for the 'Small to Medium Enterprises' market.

After two years of strong growth, LDN now receives over 8,000 website hits (www.ldn.net.au) and 1,000 phone calls per month from small businesses wanting to engage local consumers with a targeted letterbox drop - and delivers 400 million pieces of marketing material annually.

Utilising the Salmat distribution network, SME's can hand-pick the streets they wish to deliver to and LDN will design, print and distribute to up to 100,000 homes.

We will be expanding the services that LDN offers to include digital communication, such as email and loyalty programs, to create a one stop shop for SMEs marketing needs.



SALMAT IS WELL POSITIONED ON OUR JOURNEY TO BECOME AUSTRALIA'S LEADING OMNI-CHANNEL COMMUNICATION PARTNER.

Throughout 2012, the Salmat business has once again demonstrated its resilience. We built momentum during the course of the year, in the face of a soft operating environment and restrained consumer spending that impacted our primarily consumer facing customers, with the second half outperforming the traditionally stronger first half.

The historical core, the catalogue business, has achieved solid volume growth across Australia's major retailers. We have made good progress in the execution of our technology driven strategy, with the launch of the Salmat Digital brand reflecting continued development of our capabilities. The Contact Centre business is improving and has a strong pipeline underpinning growth prospects.

On 30 May 2012, we announced that an unsolicited approach regarding the possible acquisition of the Business Process Outsourcing Division ("BPO") had been received. A thorough process was undertaken to ensure shareholder value was maximised, culminating in the divestment of BPO to FUJIFILM Holdings Corporation.

Financial performance

Sales revenue was \$823.4 million for the year, which was down 4.6% on the prior year. The reduction was primarily due to the closure of a major call centre contract with Telstra at the end of 2011, together with the less than favourable macro environment. The reduction was partially offset by a full year of revenue contribution from the Digital assets acquired in 2011 and new business won in the period.

We achieved underlying EBITA of \$80.6 million, down 9.0% on the prior year and within the guidance range of \$78 - \$83 million that we provided. The reduction in group EBITA was a result of lower revenue, the additional investment on our

Results (in \$millions except where stated)

	2008	2009	2010	2011	2012	Change on prior year
FINANCIAL PERFORMANCE						
Sales revenue	812.0	869.7*	878.8	863.0	823.4	-4.6%
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	79.5	101.4	113.0	109.6	103.5	-5.6%
Underlying earnings before interest, tax and amortisation (EBITA)	57.6	77.7	91.2	88.6	80.6	-9.0%
Net significant items included in the result (before tax)	-13.5	4.3	2.4	-9.2	-5.4	41.3%
EBIT	36.1	70.2	83.0	67.4	62.9	-6.7%
Underlying net profit after tax	22.0	33.0	47.4	42.4	34.7	-18.2%
Statutory net profit after tax (NPAT)	12.8	34.5	49.1	36.0	30.3	-15.8%
Earnings per share (cents)	9.0	21.7	31.1	22.7	19.2	-15.4%
CASH FLOW						
Operating cash flow	60.6	80.9	84.9	40.7	77.6	90.7%
Cash capital expenditure	20.2	18.0	12.9	23.8	18.2	23.5%
Net debt	219.4	167.5	134.3	258.3	241.6	6.5%
Interest coverage ratio (%)	4.8	5.6	8.8	6.5	4.9	
Gearing (Net debt: net debt + shareholder funds) (%)	43.6	37.3	31.2	48.2	47.1	
OTHER KEY MEASURES						
Underlying EBITDA margin (%)	9.8	11.4	12.9	12.7	12.6	
Net profit margin (%)	1.6	3.9	5.6	4.2	3.7	
Return on capital employed (%)	8.0	14.5	18.6	13.9	11.7	
Employees (full time equivalent)	5,953	6,014	6,791	5,422	5,119	-5.6%
DIVIDENDS						0(:
Dividends (cents per share)	18.5	20.0	23.5#	24.0	19	-20.8%

^{*} Normalised figure.

[#] Excluding a special dividend of ten cents per share.

Chairman's message cont'd

digital strategy and lower margin catalogue sales within Targeted Media Solutions. However, this was offset by a strong contribution from BPO.

Importantly, the business did have good momentum in the second half of the year, which is traditionally our weaker half, where we had EBITA growth of \$2.8m (up 7%) and margin expansion of 100 basis points to 10.6%.

Underlying net profit after tax was \$34.7 million, before a net significant item expense of \$4.4 million, which brought statutory profit (net profit after tax) to \$30.3 million and earnings per share to 22 cents per share.

Cash generation and working capital management continues to be a focus of the group. Operating cash flow is up significantly for the year increasing by 18% and net debt reduced to \$241.6 million, down \$16.7 million from 30 June 2011.

Disposal of Business Process Outsourcing division

The divestment of BPO to FUJIFILM Holdings Corporation for \$375 million was announced with the Annual Results on 27 August 2012.

The transaction follows an unsolicited approach regarding the possible acquisition of BPO. Following the approach, the Board received considerable interest from a range of parties, culminating in the transaction announcement.

The Board is pleased with the price achieved on the back of strong results from BPO. These results were driven by a strong sales focus, innovation and cost disciplines put in place by the management team over the past two years, during which time the business has developed

significantly. However, we recognise that BPO is likely to have better growth potential with FUJIFILM Holdings Corporation, due to its superior international reach and broader outsourcing expertise, especially as it seeks to build out its e-business capabilities across Asia. Consequently, we are confident that we have received good value for BPO, a business we have built to market leader status over a 30 year period and that FUJIFILM Holdings paid fair value for a stable operating platform, long standing customer relationships, strong and secure data management capabilities and an emerging e-business product range. I thank and commend everyone at BPO for their efforts, and we wish FUJIFILM Holdings Corporation well for the fulfilment of their growth ambitions within the region.

At the time of writing, the transaction remains subject to Foreign Investment Review Board approval and completion conditions. Settlement is expected by mid-October 2012.

Strategic direction

The divestment of BPO simplifies Salmat's group strategy around our vision to be Australia's leading omni-channel communication partner, assisting our clients to maximise their Return on Communication ("ROC"). It is a front end communication focus in contrast to BPO's back office activities

Our balance sheet is in a very strong position and the board is considering options that will further drive shareholder value, including acceleration of the growth strategy by building our scale and capability in the digital services and communications market, reviewing the appropriate business and cost structure and deleveraging the balance sheet.

The concept of "omni-channel communication" means that our principal focus is to provide B2C (business to consumer) organisations with an integrated, consistent and highly coordinated range of front office communication solutions that they can use to acquire, grow



Dividend Return (cents per share)



We recognise the importance of dividends – a total of \$1.955 dividends per share (fully franked) paid since listing at \$1.90.

and retain their customers. We have the largest consumer reach and distribution capability in the country, via more than five billion catalogues, 21 million Lasoo visits, 720 million emails and 100 million telephone conversations each year. Salmat is in contact with more consumers on behalf of its clients than any other organisation in Australia.

Underpinning our objective of "Maximising ROC", our business operates in the two distinct areas of brand management and commerce services.

Brand management is fundamental to our clients improving their customer engagement and retention. The most common examples of brand management solutions that we provide are e-mail and loyalty marketing campaigns, social media marketing and monitoring, Search Engine Marketing ("SEM") and Search Engine Optimisation ("SEO"), mobile apps, loyalty management, and data insights and reporting.

Commerce solutions provides a range of activities that directly drive our customer's sales, including catalogue distribution, E-commerce, kiosk services, voice and speech based solutions, direct sales, Lasoo, Roamz and digital catalogues.

In both activities, we become deeply embedded in our clients businesses, often providing them access to proprietary technology platforms to deliver these solutions. As a result, we are a very strategic partner. Focussing on front office opportunities presents us with a stronger strategic client relationship as we help drive their sales directly. Underpinning this is the evolution of our strategic consulting business, which is designed to assist our customers determine what services they need to maximise ROC, which we are then able to implement.

People, Community and Environment

It is very important to the board that our people are able to reach their full potential – it is good for them and it is good for our business. Accordingly, we were very proud to see the results from our annual cultural survey, which highlighted that Salmat employees believe that people from diverse backgrounds are able to prosper with us.

A number of significant initiatives were launched during the year. In particular, the Leadership Academy and the Women in Leadership Council, sponsored by our CEO Grant Harrod, are providing clear development and progression plans for our current and future leaders. The health and wellbeing of our people is also a top priority and we are pleased to report that our lost time injury frequency rate (LTIFR) has fallen for the fifth consecutive year, recording a 33.3% reduction against the previous year.

The Salmat Activate program supports a range of charities that are selected annually by a staff committee. This year there was a strong focus on child welfare, both in Australia and overseas, and donations totalling \$161,863 were made during 2012.

We believe in recycling as much as possible. We recycle all paper based products that we are able to, and we have instigated a program to educate our clients about environmentally preferable paper based choices.

Dividend

Salmat has delivered regular dividends each year since listing and 2012 is no different. In fact, in the decade since listing, Salmat has returned more than the value of the initial share offer price in dividends, all fully franked.

In support of Salmat's solid position and future prospects, I am pleased to confirm that the board declared a final dividend of 10.5 cents per share, fully franked, bringing the total full year dividend to 19.0 cents per share. This represents a payout ratio of 100%.

The board intends to continue delivering sound returns to shareholders, whilst being mindful of the need to reinvest for long-term benefits.

Thank you

On behalf of the board, I would like to thank the entire Salmat team for a solid performance in challenging markets during 2012. I must also thank our valued shareholders, clients and partners for your continued support and also my board colleagues for their significant contribution throughout the year. I look forward to sharing news of Salmat's initiatives, plans and performance in the coming year.

RICHARD LEEChairman

CEO's message

IT'S BEEN AN EXCITING
YEAR FOR SALMAT, ONE
IN WHICH WE HAVE
MADE FURTHER INROADS
ON OUR JOURNEY TO
RE-POSITION THE BUSINESS
TO BETTER CAPTURE
OPPORTUNITIES IN HIGH
GROWTH MARKETS AND
MAXIMISE RETURNS FROM
OUR LEGACY BUSINESSES.

The divestment of the BPO division announced in August has crystallised significant value and simplified Salmat's strategy around our vision to be Australia's leading omni-channel communication partner, assisting clients to maximise their Return on Communication ("ROC").

Consistent long term strategy

We have maintained a consistent strategy for the past three years and this is starting to show real tangible benefits. However, in keeping with the changing nature of the marketplace, our strategy is constantly reviewed and continually evolves.

In the past 12 months, the major evolution has been driven by our B2C clients move from a multichannel, to an omni-channel, environment. Our clients require their customers to have a seamless interaction with their brand, with all communication and e-commerce services being delivered through integrated channels. This is the natural development of the multi-channel approach, which implied multiple touch points with a consumer, but tended to be in a disparate and unco-ordinated manner.

The four underlying elements of the strategy are:

- Scalable, technology driven solutions
- One Salmat focus
- · New Markets
- Optimise

The drive to be a technology centric business continues apace and is centred around investing in systems to extract further value from all of our businesses, as well as capturing opportunities in the emerging high growth digital communication and commerce channels.

We are implementing technology-based, rather than labour-based, solutions across the company that are highly scalable and improve the standard of service and delivery efficiency to our customers. We deliver our clients communication and brand to the consumer market and now their e-commerce platforms. Operating a software-as-a-service model demands our platforms be robust in order to be a trusted partner of Australia's largest consumer facing companies.

The opportunity is to provide our customers with a service they require on a more cost effective basis and with lower risk. We own the technology underpinning the services and we have a great ability to leverage this investment. Whilst we still need to build further scale and expand our capability, our journey is well underway.

The One Salmat initiative continues to drive revenue, with one in three sales opportunities now being across our business units. Our focus on highly co-ordinated omni-channel communication solutions sits well with our One Salmat initiative. Our sales objective is to sell solutions, not products, and with the sale of BPO, the greater focus of the group on 'front-office' communication should allow this program to be driven harder.

Our drive into New Markets continues, with particular emphasis on the SME market. In part, the SME market is a great example of the key elements of the strategy working together. Without the implementation of technology driven platforms across the group, the SME market would not be attractive to us. The ability to use technology to drive sales and to reduce our cost of sales are what makes this market economically attractive.

Finally, we continue to strive for operational excellence under the Optimise program, our enterprise wide initiative to deliver sustainable year on year earnings enhancement through innovation in operations. Expansion of revenue streams and cost reduction under this program has delivered \$32 million in benefits this year.

Operational review and performance

Targeted Media Solutions (TMS)

TMS is Australia's largest catalogue distributor, delivering to more than eight million households twice a week throughout Australia and New Zealand. It is also the operating division for our technology based digital services, operating under the Salmat Digital banner.

TMS revenue grew \$24.4 million (+9.7%) for the year reflecting revenue growth from the digital acquisition and catalogue business. However, underlying EBITA fell \$6.3m (-14.8%), reflecting the growth in lower margin sales to large retailers and investments in new sales strategies and the digital business.

Catalogues continue to prove their worth to our customers, and volumes were up 4.0% during the year. Growth was driven by increasing volumes across major retailers and our strategy targeting new markets including SME businesses, FMCG companies and non traditional retailers including banks, car manufacturers, telco's and utility companies. Revenue growth was in line with this volume increase.



CEO's message cont'd

A major focus this year has been to grow the catalogue market in the SME space. We have invested in an internet portal (www.ldn. net.au) that allows a catalogue campaign to be organised on a fully self-service basis, including design, mapping of the delivery area using Google maps, production and fulfilment. There is good momentum coming from this business and we expect the investment will pay back significantly in the coming years. We are confident that we can deliver 1 billion catalogues annually under our new markets strategy in the next 2-3 years, significantly more than the current level of 400 million catalogues distributed via these channels.

In addition, we will be expanding the services that LDN offers to include digital communication, such as email and loyalty programs, to create a one stop shop for SME's marketing needs.

The strategic journey within the Salmat Digital business continues. During 2012, the focus has been to build a scalable platform based business. The Salmat Digital brand has been launched as specialists in omni-channel communication, commerce and data-driven insights for Australia's largest consumer facing brands, offering:

- Platform services email and SMS
- · Strategic consulting
- Data analytics loyalty program management
- E-commerce hosted e-commerce for retailers
- Omni-channel campaign solutions.

In addition, Lasoo and Roamz operate under the Salmat Digital banner, but due to their B2C focus, retain their own branding. Lasoo has benefited from investment in brand building and greater functionality, in particular, development of the "everywhere commerce" platform that enables seamless access from mobile devices, which has grown 105% during the year. The continued expansion of functionality and audience traffic is the next step in the full commercialisation of this product. Interactions, or "clicks" are the key revenue driver for this business, and they have increased 8.3% in 2012. Page views are also important as a driver for advertising revenue, and they are up 16% on last year.

Roamz is a location-based app aggregating content via social media, to provide users with information of events and activities going on around them. There have been approximately 145,000 downloads since launch in October 2011. Roamz will present an ideal platform for retailers to advertise and promote their brands. Roamz has worked closely with key brands such as Dymocks and TV reality show 'The Voice' during the year, generating significant traffic and interest to these brands. We anticipate Roamz to begin rolling out its commercial model in the coming period.

Customer Contact Solutions (CCS)

Our CCS division is Australia's largest provider of outsourced contact centre and speech services. It also provides e-learning solutions and direct sales services.

CCS revenue was \$232.2 million (2011: \$293.7m), a reduction of 20.9%. Underlying EBITA was \$11 million (2011: \$16.0m), a fall of 31.3%. These reductions are primarily a result of cycling out the Telstra contact centre revenue that was included in 2011. There is also a weak performance from the direct sales business, which continues to be impacted by the weak discretionary spending environment.

Good progress has been made replacing the lost revenue and the underlying contact centre business grew at 22% during the year.

The strategy to move the contact centre to more premium services is progressing well. There is a strong pipeline underpinning growth prospects and margins are expanding towards levels seen in 2010. Our New Zealand "near shore" contact centre strategy is providing excellent value for our clients and is expected to continue growing strongly.

The speech solutions business has had a very strong year since the closure of underperforming assets in the UK and USA. A refocused leadership team and product offering are delivering significant EBITA and margin growth. A number of new voice recognition products, including call signature, track and trace and store locators, are being rolled out to major clients. At the same time, a technology platform to deliver these new products is being implemented, eliminating as far as possible the need for bespoke client systems.

CCS has also recently invested in the latest telephony technology – the "Agent of the Future", incorporating voice, internet and social channels – to greatly expand Salmat's omni-channel contact centre capabilities. Our clients expect instant global, multi-lingual support 24/7, to communicate in ways that suit their customer lifestyles and changing demographics. This investment will transform call centres into hosted customer contact and knowledge centres and entrench deeper relationships with our clients. We anticipate the need to have access to this technology will see more clients look to outsource their contact centres. Salmat will be clearly positioned as the leader in the outsourced contact centre market in terms of technology and scale and will expand revenue streams in this division.

Business Process Outsourcing (BPO)

The BPO division reported revenue of \$316.0 million (2011: \$318.5m) which was 0.8% lower than the previous year and reported very strong EBITA growth of 18.4% to \$49.5 million (2011: \$41.8m).

Impressions are the principal revenue driver for this business and they grew 2.8% to 3.64 billion, reflecting increasing cross promotions per mail pack. Revenue grew in the second half of the year, reflecting new business wins in Transaction Services and in e-Business. In addition, existing customers increasingly engaged with new e-business services, which is also higher margin business.

The strong margin expansion driving EBITA growth was delivered on the back of operational initiatives implemented by management over the preceding 18 months, in particular, the consolidation of the Ravenhall property and the colour printing platform refresh program.

I would like to add my personal thanks to everyone at BPO for their efforts in achieving these outstanding results, which meant that we achieved a good sale price for our shareholders. They have collectively been a part of the Salmat family for 30 years and we wish everyone at BPO an exciting and successful journey with their new owner, FUJIFILM Holdings Corporation.

Outlook

We are ideally positioned to be Australia's leading omni-channel communication partner, and to capture the potential growth in the rapidly changing world of communication. The investments made across the business will continue to generate new wins and steady volumes in a more efficient manner.

Salmat's traditional businesses have proven to be relatively resilient to economic softness. We envisage this will continue, in what is expected to remain difficult trading conditions for our clients.

Catalogues continue to be a key sales channel for Australian retailers and we anticipate our major customer's volumes to remain strong, along with our new markets in SME and non-traditional retail. We do, however, anticipate that retailing will remain subdued, especially in the tier 2 or mid-size retailer sector, in line with the continued soft outlook for the retail environment.

We anticipate CCS should see continued improvement with their strong pipeline and opportunities to implement omni-channel customer service solutions, together with growth in the Speech Solutions business. However, a prolonged soft consumer environment will continue to have an impact on Direct Sales.

Significant progress has been made in the Salmat Digital division to build a scalable business and we anticipate capturing our share of this growing market.

I would like to take this opportunity to thank the board, our leadership team, our people, clients and our shareholders for their continued support as we continue our journey to transform Salmat into the leading omni-channel communication partner for Australian & New Zealand businesses serving the consumer market.

GRANT HARROD

CEO

Corporate responsibility

People

Salmat continued its journey of creating a constructive environment where our people can reach their full potential. Using the 2011 culture survey as a base, all areas are working on culture plans focusing on constructive behaviours. During the past 12 months, a diversity survey has highlighted that our staff believe that Salmat is a place where people from diverse backgrounds can prosper. The next culture survey is scheduled for April 2013, the fifth in the series.

The development of our people is supported by a focus on training. During the year, the Salmat Leadership Academy was launched. The Academy lays out a clear path for progression in leadership based on company supported training, mentoring and understanding of different behaviours. Training in Certificate IV in Frontline Management is a key part of the Academy.

Salmat has continued its work through its Women in Leadership Council, on which the CEO sits, to identify ways in which women can be encouraged to take senior roles. The Family Fusion program was launched to address the need to provide assistance on locating child care and senior care, and providing priority access. The diversity survey shows that 39% of our employees have responsibility as a sole carer and 20% have responsibility for organising child care for dependent children.

Work continued on the company's Reconciliation Action Plan, launched in 2011 and aimed at bridging the gap between indigenous and non-indigenous Australians. The three elements of the plan are:

- Respect: creating culture that fosters respect, compassion and awareness
- Relationships: creating local links by engaging and building long term relationships with the Aboriginal and Torres Strait Islander communities across Australia
- · Opportunities: creating opportunities to employ and do business with the Aboriginal and Torres Strait Islander communities.

The health and wellbeing of our people is a top priority and we continue to strive to achieve an injury and incident free workplace. During the year we launched our online Work Health and Safety induction program which aims to embed safety culture behaviours via interactive learning.

Our lost time injury frequency rate (LTIFR) has fallen for the fifth consecutive year, recording a 33.3% reduction against the previous year. The focus on injury prevention activities, specific to our injury risk profile, has mitigated the number of lost time claims that contribute to the LTIFR. In addition to maintaining injury prevention programs, we are very active in providing early intervention and return to work programs.

Community

The Salmat Activate program supports a range of charities selected annually by a staff committee. Total donations of \$161,863 were made in 2011/12, including the matching donations from the company, to 3 projects:

- · Oaktree Foundation in East Timor to reduce youth unemployment
- The Salvation Army in Melbourne to assist refugees
- autistic adults confined to home

In addition, six new projects were chosen this year, to be funded in the coming years:

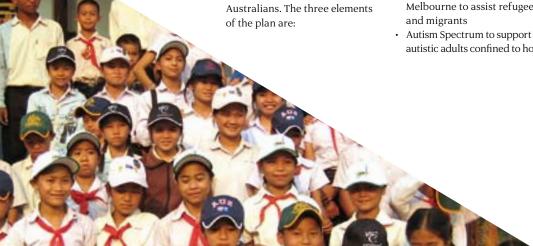
- The Carly Ryan Foundation - to promote in schools the dangers of cyber bullying
- Anglicare SA to assist with Star Bear camps for grieving
- International Nepal Fellowship - to provide safe drinking water in two communities in Nepal
- Father Chris Riley's Youth Off The Streets - to assist with a Music Program to help young people achieve their social, educational and personal goals
- Rotary to assist with the rebuild of the Namuga Community Health Clinic in the Solomon Islands
- Save the Children to improve the sanitary conditions in schools in Ethiopia

Environment

Through continued monitoring of our electricity usage, we have once again reduced electricity consumption across our major sites. In addition, energy efficiency investments assist us in better managing our greenhouse gas emissions and consequently we have achieved a 21% reduction in CO, emissions during the year.

We believe in responsible recycling. All paper-based products that can be recycled are and we ensure that all paper-based waste is returned to our sites for recycling. To this end, we have further increased recycling at our sites by 7% during the year which has in turn significantly reduced the amount of waste sent to landfill.

During the year we implemented a program that provided our customers with information about a range of environmentally preferable paper product choices that have a lower environmental impact, which was very well received.



Board of Directors















1. RICHARD LEE

Non-executive Chairman

Richard Lee is Deputy Chairman of Ridley Corporation Limited and a Director of Newcrest Mining Limited and Oil Search Limited. He is a Fellow and Chairman of the Australian Institute of Company Directors. He also holds degrees in chemical engineering and economics and is a Rhodes Scholar. Richard is a former Chief Executive of the NM Rothchild Australia Group and a former Director of NM Rothchild and Sons Limited in London, Singapore and Hong Kong.

2. FIONA BALFOUR

Non-executive Director

Fiona is an independent non-executive director of Metcash Limited and TAL Insurance. Fiona is a former member of the Oantas executive committee with responsibilities for information technology and related areas for Qantas worldwide and was subsequently Chief Information Officer of Telstra. She has advised Medibank Private and Link Market Services on IT strategy. Fiona is a member of the Information Technology Faculty Advisory Board of Monash University, a Councillor of Knox Grammar School and a Fellow of the Australian Institute of Company Directors. She holds a BA (Hons), Graduate Diploma in Information Management, an MBA and is a Fellow of Monash University.

3. IAN ELLIOT

Non-executive Director

Ian is a non-executive director of Hills Industries Limited, former chairman of Promentum Limited and former board member of the National Australia Day Council. Ian is currently on the board of The Australian Rugby League Commission and is a Fellow of the Australian Institute of Company Directors. Ian is also a former chief executive officer of George Patterson Bates and a graduate of the advanced management program of the Harvard Business School.

4. PETER MATTICK

Non-executive Director

Peter Mattick co-founded Salmat Limited in 1979 and served as its Joint Chief Executive Officer and Joint Managing Director until his retirement from executive duties with Salmat Limited in October 2009. Since that time, Mr Mattick has remained as a Non-executive director of the company. Mr. Mattick has served as Chairman and Director of the Australian Direct Marketing Association and is a Member of the National Aboriginal Sports Corporation. He is a Fellow of the Australian Society of Certified Practicing Accountants and the Australian Institute of Company Directors, a Governor of the Advisory Council for the Institute of Neuromuscular Research and a board member of The Shepherd Centre. Mr. Mattick was educated at the University of New South Wales where he gained a Bachelor of Commerce degree.

5. PHILIP SALTER

Non-executive Director

Philip Salter co-founded Salmat Limited in 1979 and served as its Joint Chief Executive Officer and Joint Managing Director until his retirement from executive duties with Salmat Limited in October 2009. Since that time, Mr Salter has remained as a Non-executive director of the company. Philip entered the real estate business in 1977. In 1979, Philip and Peter Mattick formed Salmat, developing the business into one of Australasia's leading customer communications company. He is a member of the Australian Institute of Company Directors.

6. JOHN THORN

Non-executive Director

John Thorn has been a non-executive director of Salmat Limited since September 2003. John has 38 years professional experience with PricewaterhouseCoopers (PwC), with over 20 years as a partner responsible for significant international and Australian clients. John was the Australian National Managing Partner of PwC and a member of the Global Audit Management Group until 2003. John is also currently a non-executive director of National Australia Bank Limited (since October 2003), Caltex Australia Limited (since June 2004) and Amcor Limited (since December 2004).

7. GRANT HARROD

Chief Executive Officer and Managing Director

Grant Harrod is the Chief Executive Officer of Salmat, assuming this role in April 2009. Prior to this, Grant spent 13 years with Corporate Express Australia Limited - a leading office supplies distributor - where he served as Managing Director and Chief Executive Officer for six years. Grant's previous roles at Corporate Express included General Manager of Sales and Marketing and General Manager of Operations. Grant has a Masters of Business Administration from Macquarie Graduate School of Management.

Senior leadership team

1. GRANT HARROD

Group Chief Executive Officer and Managing Director

Grant Harrod is the Chief Executive Officer of Salmat, assuming this role in April 2009. Prior to this, Grant spent 13 years with Corporate Express Australia Limited - a leading office supplies distributor - where he served as Managing Director and Chief Executive Officer for six years. Grant's previous roles at Corporate Express included General Manager of Sales and Marketing and General Manager of Operations. Grant has a Masters of Business Administration from Macquarie Graduate School of Management.

2. PETER ANSON

Group Chief Operating Officer

Peter Anson was appointed COO in August 2008 and has over 19 years experience with Salmat. Peter is responsible for the overall growth and profitability of Salmat's operations and the alignment of strategies across the company's business units. Peter previously held the position of Program Director for Optimise - an enterprise-wide initiative aimed at reviewing and re-engineering processes, systems, products and services to provide a platform for continued revenue and profit growth across the organisation.

3. CHAD BARTON

Group Chief Financial Officer

Chad Barton commenced with Salmat as Chief Financial Officer in August 2009. Chad previously held the position of Chief Financial Officer with Electronic Data Systems Corporation (EDS), a HP company, in Australia and New Zealand as well as CFO for EDS's Global Financial Services practice. Prior to this, Chad was Commercial Director with Singtel Optus Limited and CFO for SunSystems Australia and New Zealand. Chad is a Director of The Schizophrenia Research Institute, is a Chartered Accountant and has professional experience at Arthur Andersen.

4. DAVID BESSON

Chief Executive Officer – Customer Contact Solutions

David Besson was appointed CEO of Salmat's Customer Contact Solutions division in August 2011. With over 25 years experience with Salmat, David has previously served as CEO of Targeted Media Solutions and CEO of Business Process Outsourcing division.

5. GEOFFREY COURT

Head of People and Culture

Geoffrey Court heads Salmat's People and Culture team, having fulfilled a similar role within SalesForce (now CCS) since 1999. Key responsibilities include supporting managers in areas such as people development, staff engagement, training, industrial issues and culture. Geoffrey previously worked for Ansett Australia, in marketing and people management roles.

6. NICK DEBENHAM

Chief Executive Officer – Business Process Outsourcing

Nick Debenham was appointed CEO of Business Process
Outsourcing in June 2010. With a long and distinguished sales and executive management career with organisations including HP and QM Technologies, Nick developed Salmat's leadership position in the BPO space. He will move across to FUJIFILM Holdings Corporation with the business when the transaction completes.

7. DAVID HACKSHALL

Group Chief Information Officer

David Hackshall commenced as Chief Information Officer with Salmat in November 2009. David previously worked as Global CIO with Babcock & Brown, and prior to this with Staging Connections Group. David has also held senior roles with Patrick Corporation and Ord Minnett. He joined the senior leadership team to provide the appropriate strategic IT focus for Salmat moving forward.

8. IAN JONES

Head of Sales

Ian was appointed Head of Sales in March 2011 after working as the Executive General Manager of Sales for Targeted Media Solutions. Ian started with Salmat in 1992 and has held a number of sales and general management positions across the company within Customer Contact Solutions and Targeted Media Solutions. He has been instrumental in the development of Salmat's digital strategy and how this integrates across Salmat's broader capability and the One Salmat strategy.

9. NICK SPOONER

Chief Executive Officer – Salmat Digital

Nick joined Salmat in late August 2011 as CEO of the recentlyformed Salmat Digital business, incorporating web, email, mobile, e-commerce and social media services. Nick comes to Salmat with a wealth of digital media experience, having previously fulfilled strategic leadership roles as Chief Digital Media Officer for Network Ten, Chief Operating Officer at ninemsn and Group Director at SingTel Optus. Nick will play a key role in driving Salmat's digital business through its next stage of development and growth.

10. DAVID WEBSTER

Chief Executive Officer – Targeted Media Solutions

David Webster was appointed CEO of Salmat's Targeted Media Solutions division in August 2011, following David Besson's appointment as CEO of Customer Contact Solutions. David had previously worked with Salmat for more than 18 years in key leadership roles within the TMS division across Australia and New Zealand, most recently as Executive General Manager of letterbox Distribution.





















SALMAT LIMITED

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REGISTERED OFFICE

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DIRECTORS

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Fiona Balfour Non-executive Director

Ian Elliot Non-executive Director

Grant Harrod Managing Director

Peter Mattick Non-executive Director

Philip Salter Non-executive Director

John Thorn Non-executive Director

COMPANY SECRETARY

Stephen Bardwell

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STOCK EXCHANGE LISTING

Salmat Limited shares are listed on the

 $Australian\ Securities\ Exchange.$

ASX code: SLM

ANNUAL GENERAL MEETING

10.00am, Tuesday 13th November 2012 AGL Theatre, Museum of Sydney

Corner Bridge and Phillip Streets SYDNEY NSW 2000

Please refer to the formal

Notice of Meeting for full details.

KEY DATES

Final dividend payment

28 September 2012

Annual General Meeting

13 November 2012

Half year results

February 2013

Interim dividend

April 2013

Full year results and dividend

announcement

August 2013

The Australian Securities Exchange will be notified of any changes to these dates.

