



11 October 2012

ASX ANNOUNCEMENT

Completion of divestment of BPO for \$375m

Salmat Limited (ASX:SLM), Australia's leading omni-channel communications partner, today announces the successful completion of the sale of its Business Process Outsourcing division to Fuji Xerox Asia Pacific Pte Ltd, an affiliate of Fuji Xerox Co., Ltd., as a group company of FUJIFILM Holdings Corporation, for \$375 million.

"We are very pleased with the outcome from the divestment of BPO which has placed Salmat in the enviable position of a having a very strong balance sheet. We are evaluating a range of options to drive shareholder value including capital management and strategic initiatives, and we will update the market accordingly." said Grant Harrod, Chief Executive Officer and Managing Director of Salmat.

As reported, net debt at year-ended was \$241.6 million. If completion had occurred at 30 June 2012, a pro-forma balance sheet, after receipt of transaction proceeds of \$375 million, would have shown Salmat with a net cash position of \$133.4 million.

At today's completion, Salmat's net cash position is approximately \$100 million, based on unaudited management accounts, reflecting the cash impact of transaction costs of \$5.3 million and normal year end payments including dividends and tax.

Following completion, the company has cancelled Tranches A and B of its senior debt facilities. Tranche C of \$99 million remains fully drawn with expiry in December 2014. Debt covenants remain unchanged.

Salmat also announces today the intention to undertake an on-market buy-back. The buy-back represents an initial step in managing the company's balance sheet efficiently, whilst it considers further capital management initiatives and maintaining the appropriate flexibility to invest in future growth opportunities.

An Appendix 3C in respect of the buy-back is attached to this announcement.

A further update will be provided at the AGM on 13 November.

ends

For further information, please contact:

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About Salmat

Salmat is Australia's leading omni-channel communication partner, providing seamless and integrated solutions designed to acquire, grow and retain customers.

Salmat has two operating divisions which are market leaders:

Targeted Media Solutions (TMS) delivers more than 5 billion unaddressed items to homes across Australia every year. The division uses up to date lifestyle and geo-demographic data to maximise the effectiveness of each campaign and employs the latest technology to provide clients with real time campaign reporting and auditing.

Salmat Digital, brings together all of Salmat's digital capabilities under TMS. This new business establishes Salmat as Australia's leading digital marketing communications provider. Salmat Digital delivers end-to-end integrated communications solutions from strategy to project execution across an unmatched range of channels including, online content management, web development, search optimisation, data insights, e-commerce, social media services, interactive email, SMS, mobile applications and Australia's premier online pre-shopping site Lasoo.com.

Customer Contact Solutions (CCS) engages in millions of conversations each year for its clients through its contact centres. This division applies world-class technology and a highly trained staff to handle inbound and outbound phone, fax, email and online communication. It also provides face-to-face sales teams on behalf of clients in Australia, New Zealand and more recently in Asia as well as voice biometric technology and e-Learning training.

For more information on Salmat go to www.salmat.com

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
SALMAT LIMITED	11 002 724 638

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On market share buy back
2	⁺ Class of shares/units which is the subject of the buy-back (eg, ordinary/preference)	Ordinary
3	Voting rights (eg, one for one)	One for one
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully paid
5	Number of shares/units in the ⁺ class on issue	159,802,174
6	Whether shareholder/unitholder approval is required for buy-back	Shareholder approval is not required
7	Reason for buy-back	Capital management following divestment

⁺ See chapter 19 for defined terms.

- 8 Any other information material to a shareholder's/unitholder's decision whether to accept the offer (*eg, details of any proposed takeover bid*)
- Refer to the ASX announcement released with this Appendix 3C

On-market buy-back

- 9 Name of broker who will act on the company's behalf
- Macquarie Securities
- 10 Deleted 30/9/2001.
- 11 If the company/trust intends to buy back a maximum number of shares - that number
- Note: This requires a figure to be included, not a percentage.
- Not applicable
- 12 If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention
- Within 12 months of the date of this notice
- 13 If the company/trust intends to buy back shares/units if conditions are met - those conditions
- Not applicable

Employee share scheme buy-back

- 14 Number of shares proposed to be bought back
- Not applicable
- 15 Price to be offered for shares
- Not applicable

Selective buy-back

- 16 Name of person or description of class of person whose shares are proposed to be bought back
- 17 Number of shares proposed to be bought back
- 18 Price to be offered for shares

Equal access scheme

- 19 Percentage of shares proposed to be bought back
- 20 Total number of shares proposed to be bought back if all offers are accepted
- 21 Price to be offered for shares
- 22 ⁺Record date for participation in offer
Cross reference: Appendix 7A, clause 9.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:


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(Company secretary)

Date: 11 October 2012

Print name: Stephen Bardwell

⁺ See chapter 19 for defined terms.