
salmat
SALMAT LIMITED
ANNUAL GENERAL MEETING

Good morning, ladies and gentlemen.

My name is Richard Lee. I am the Chairman of Salmat Limited and the chairman for today's Annual General Meeting. I am very pleased to welcome you on behalf of the directors and management. We greatly appreciate your interest and attendance.

I have been advised by the company secretary that a quorum is present and as such I declare the 2012 Annual General Meeting open.

I would like to introduce to you my fellow directors:

- Grant Harrod, Managing Director and CEO;

- Philip Salter and Peter Mattick, our founder shareholders and both non-executive directors;

- Fiona Balfour, a non-executive, independent director and chairman of the Technology and Innovation Committee.

- Ian Elliot, a non-executive, independent director and chairman of the Remuneration and Compensation Committee.

- John Thorn, a non-executive, independent director and chairman of the Audit, Risk and Compliance Committee.

I would also like to introduce Stephen Bardwell, our Company Secretary, and Chad Barton, our Chief Financial Officer.

Also in attendance today is Rob Lewis, representing our auditor, Ernst & Young.

Highlights

- Continuing journey to be the leader in customer engagement and acquisition solutions
- Resilient performance during 2012 in a difficult operating environment
- Building momentum in all businesses
- Divestment of BPO to Fuji Xerox Asia Pacific Pte Ltd - announced on 27 August, and completed on 10 October 2012

Page 3

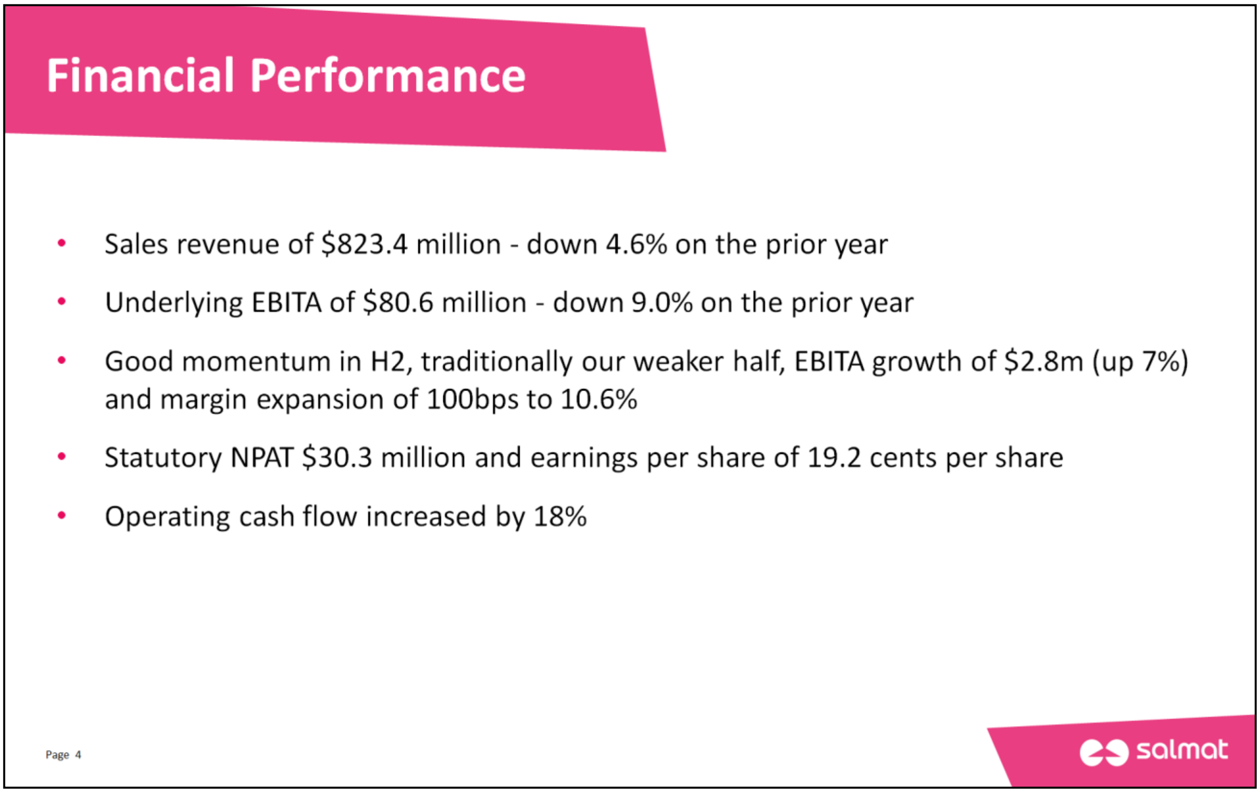
salmat

This past year has seen Salmat become well positioned on our journey to be the leader in customer engagement and acquisition solutions.

2012 has provided a difficult operating environment, but 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. In this environment, the second half outperformed the traditionally stronger first half, and we believe that this was a very credible performance.

The historical core, the catalogue business, has achieved solid volume growth across Australia's major retailers. We have also made some progress in the execution of our technology driven strategy, with the launch of the Salmat Digital brand reflecting continued development of our digital capabilities but require that we have much work to do. 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 Fuji Xerox Asia Pacific, which was announced with our Annual Results on 27 August. This transaction completed on 10 October, and marks the end of a long history of the company providing document management and essential and direct mail services. I will talk more about the impact of the transaction on the future of Salmat shortly.



Before I do that, I will give you an overview of the financial performance for the 2011/12 year, and it is worth noting that it does include a full year's contribution from the BPO division.

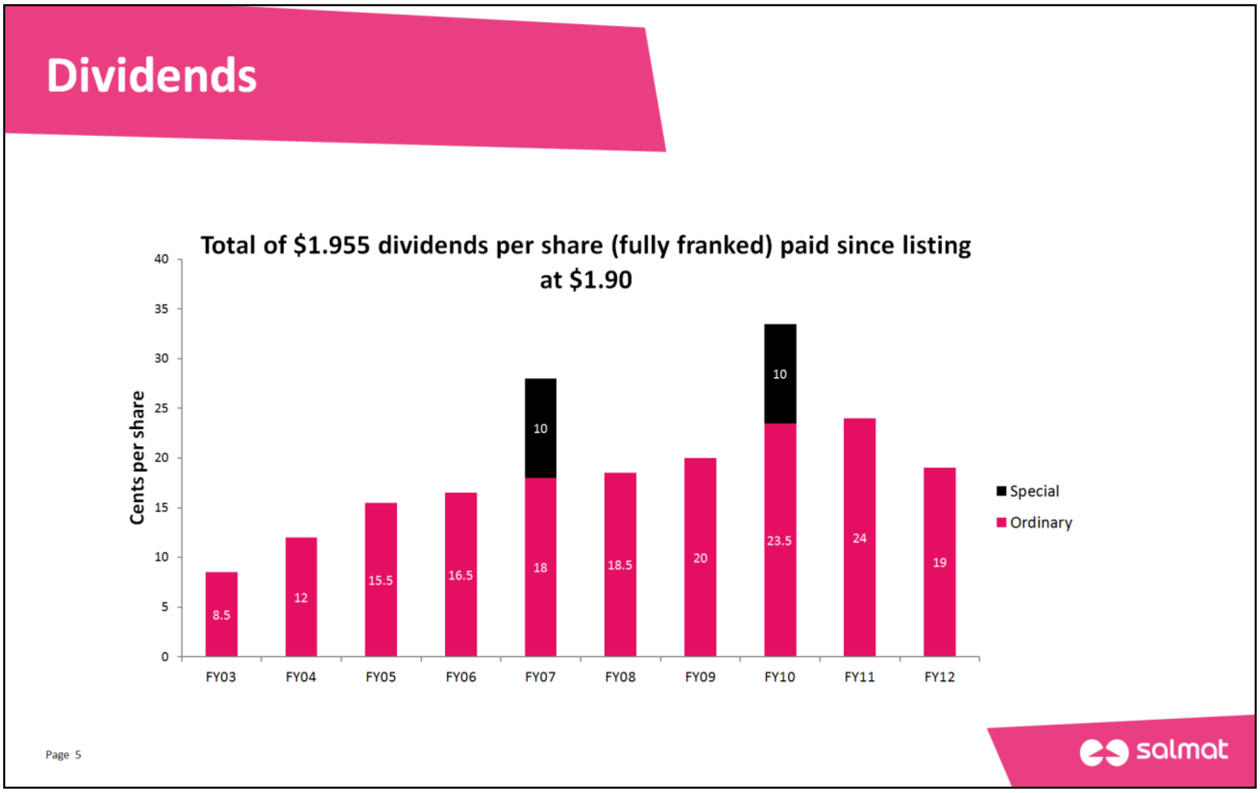
Reported sales revenue was $823.4 million for the year, which was down 4.6% on the prior year. The reduction was primarily due to the closure of a major call centre contract with Telstra at the end of 2011, together with the less than favourable macro environment. The reduction was partially offset by 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. The reduction in group EBITA was a result of lower revenue, the additional investment in our digital strategy and lower margin catalogue sales within Targeting Media Solutions. However, this was offset by a strong contribution from BPO.

As I mentioned earlier, 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 100bps 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 19.2 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 compared with 30 June 2011.



The Board has always understood the importance of regular dividends to investors, and in the decade since listing, Salmat has returned more than the value of the initial share offer price in dividends, all fully franked.

2012 is no different, and in support of Salmat's solid position and future prospects, 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% of 2012 earnings.

The board intends to continue delivering excellent returns to shareholders, whilst being mindful of the need to reinvest for long-term benefits. I will talk more about our strategic direction and capital management policy in a moment.

Divestment of BPO division

- Divestment of BPO division to Fuji Xerox Asia Pacific Pte Ltd for $375 million announced on 27 August 2012
- Transaction completed on 10 October 2012
- Unsolicited approach for BPO division announced on 30 May 2012
- Considerable interest from a range of parties
- BPO delivered strong results from strong sales focus, innovation and cost discipline
- Fuji Xerox acquired a market leading business for a fair price

salmat

I would like to provide you with some background to the divestment of the BPO division to Fuji Xerox for $375 million that was announced with the Annual Results on 27 August 2012.

The transaction came about as a result of an unsolicited approach that the Board received regarding the possible acquisition of the BPO division. There came a point under the Continuous Disclosure provisions at which we felt obliged to publicly announce that this approach had been received. Following this announcement, the Board received considerable interest from a range of parties, which culminated in the transaction that was announced.

The BPO division had delivered strong results for the past 12 months, and the excellent sale price of $375 million was achieved on the back of those. 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.

As a Board we recognised that BPO is likely to have better growth potential with Fuji Xerox, 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 received good value for BPO, a business that we had built to market leader status over a 30 year period. We also believe that Fuji Xerox has paid fair value for a stable operating platform, long standing customer relationships, strong and secure data processing capabilities and an emerging e-business product range. I thank and commend everyone at BPO for their efforts, and we wish Fuji Xerox well for the fulfilment of their growth ambitions within the region.

Strategic Vision

- To be the leader in customer engagement and acquisition solutions
- Retain conservative balance sheet, strong cash generation and a healthy, fully franked dividend stream
- Review appropriate business and capital structure
- Targeted annualised cost savings of $10 million
- Directors' fees reduced by 10%
- 'More from the core' focus
- Accelerate growth strategy by building scale and capability in digital services and communication market
- Potential bolt on acquisitions of established businesses

Page 7

salmat

The divestment of BPO is of course a major strategic step for the company. What it does is to simplify Salmat's group strategy around our vision to be Australia's leader in customer engagement and acquisition solutions, assisting our clients to maximise their Return on Communication ("ROC"). It allows us to concentrate on front end communication for our clients, rather than engage in the back office activities that were BPO's focus.

Our principal focus is to provide B2C (business to consumer) organisations with an integrated, consistent and highly coordinated range of consumer communication and engagement services that they can use to acquire, grow and retain their customers. Salmat enables its clients to connect directly with their customers and drives their transactional relationships. In turn, this level of connectivity drives a deeper strategic relationship with our clients.

Salmat has the largest consumer reach and distribution capability in the country, via more than five billion catalogues, 21 million Lasoo visits, 720 million emails, 120 million SMS messages and 100 million telephone conversations each year. We look at the breadth of the business across all of our channels to market, and Salmat is in contact with more consumers on behalf of its clients than any other organisation in Australia.

The Board is currently undertaking a comprehensive review of the business plan and capital structure of the group. This review includes a number of elements:

(1) we will implement the most appropriate organisational structure that will enable us to accelerate our growth strategy, by building our scale and capability in the digital services and communications market;

(2) we are undertaking an ambitious cost and overhead reduction plan, aimed at right sizing the organisation for its more focused and generally less complex and capital intensive business activities;

(3) we are committed to preserving a business model that is strongly cash generative, retaining conservative gearing and a healthy dividend payout ratio

(4) we have targeted annualised minimum cost savings of $10 million, of which approximately $5 million will be related directly to corporate costs. Grant will talk a little more about costs shortly, but as a demonstration of this commitment, the Board has committed to a reduction in their Director's fees of 10%.

Our analysis highlights that there are many opportunities available in our existing client base with our existing client solutions. We will be focusing on driving this revenue, and are referring to this as our 'more from the core' strategy. In addition, we have identified a number of potential small acquisition opportunities that will strengthen and accelerate our growth plans, and some discussions have commenced. These are primarily small, complementary bolt-on acquisitions of established businesses.

We will provide further details of the strategic initiatives at the 1st half results released in February 2013, and plan a further update of trading, strategy, growth and cost initiatives in April 2013.

We operate in a dynamic industry. Grant will talk about the pace of change in the way that companies communicate, driven by constantly developing technology and social media. There are opportunities for growth, and we need to retain a degree of flexibility in order to be in a position to take advantage of these as they arise.

Capital management

- Capital management objectives
  - Reward shareholders and maximise Total Shareholder Returns
  - Maintain financial strength
  - Maintain financial and operating flexibility – rapidly changing industry and environment
- Current net cash - $100 million
- Capital management initiatives in the region of $40 million
- Continue to review method of return and future funding requirements
- Further update February 2013

Page 8

salmat

This leads me to our capital structure, where we have to consider a number of objectives. As ever, our primary objective is to maximise shareholder returns, whilst maintaining our financial strength and operational flexibility. The Board believes that it is imperative to manage the business to drive long term returns for the benefit of all shareholders. Occasionally, this means making decisions that are difficult for those that have a short term focus.

Since the BPO transaction completed, Tranche A and B of our senior debt facilities have been cancelled and we have retained Tranche C, which is fully drawn at $99 million. We currently have a net cash position of approximately $100 million.

The current intention of the Board is to return in the region of $40 million to shareholders. We are currently reviewing, along with our advisers, the most efficient and value accretive method to return these funds to investors. We will continue to assess the ongoing funding needs of the business and will provide a further update on our capital management initiatives at the half year results in February 2013.

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, customers 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.

I am now very pleased to invite our Managing Director, Grant Harrod, to provide some more detail on Salmat's progress over the past year; to outline Salmat's strategic growth initiatives; and provide an update for the 2012 financial year.

Thank you.

FULL YEAR OVERVIEW

Grant Harrod, CEO & Managing Director

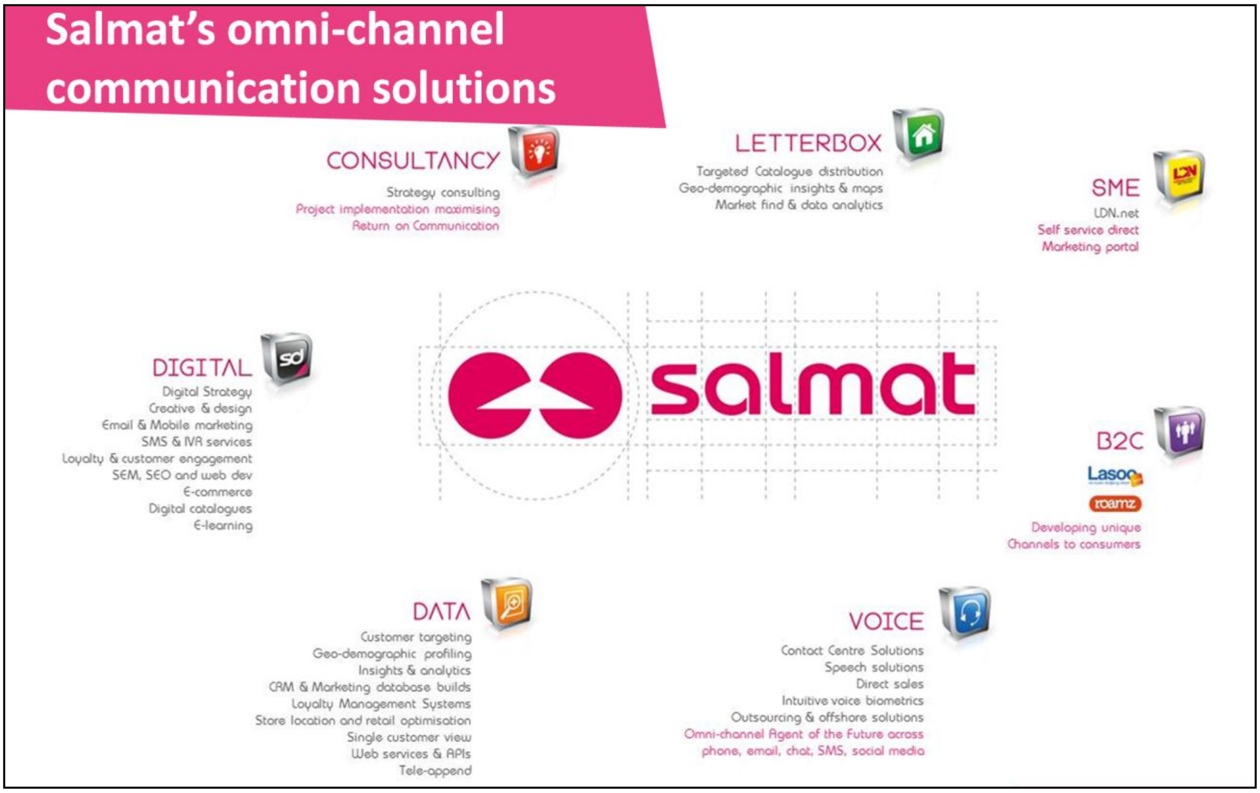
Thank you, Rick and good morning, ladies and gentlemen.

It has 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 core businesses. The divestment of the BPO division announced in August is an important milestone in this journey. It has crystallised significant value and will simplify Salmat's strategy around our vision to be the leader in customer engagement and acquisition solutions, assisting businesses to maximise their Return on Communication ("ROC").

Communication, which is at the heart of what we do, is undergoing a period of great change. We are seeing a substantial structural shift with the move away from mass media to targeted media channels, which are areas that Salmat is focused on. And with that, comes significant opportunity. Balancing this, we are experiencing challenging trading conditions, weak consumer sentiment and most of our retail clients are reporting lower volumes.

The company is also going through a significant period of change, as we adjust to the divestment of the BPO division, which has been a part of the company for many years. As we do this, we are focusing on a "more from the core" strategy, which is to focus on the opportunities in our existing services and execute that well, whilst laying the foundation for growth as we reposition the company in growth markets.

During this presentation, I am going to walk through our major business lines to demonstrate how they complement each other and drive our vision. I will also give an update on current trading and the impact of the divestment of BPO on our cost structure.



At this point, I think it will useful to step back and think about what Salmat now looks like, post the divestment of BPO.

Consumers now want a seamless interaction with retail brands, where all communication and e-commerce services are delivered through integrated channels. This has been 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.

Salmat provides a complete suite of integrated channel communication solutions that are designed to assist our clients find, acquire, grow and retain customers. We operate in every sphere of direct or targeted communication, from the traditional letterbox where the business started some 30 years ago, to technology led voice based solutions and digital services. These solutions operate in the two distinct areas of helping build our customers brands and directly driving transactions in their products and services.

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

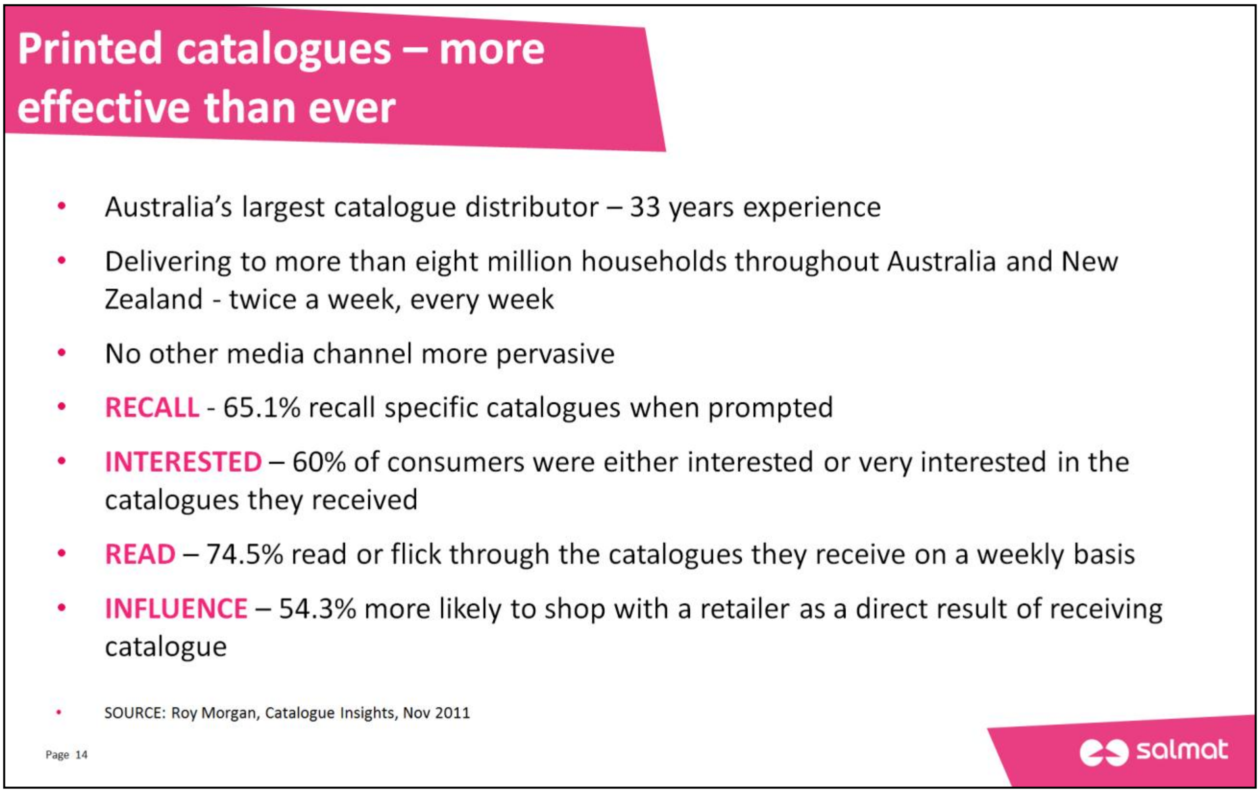
Transactional services provides a range of activities that directly drive our customer's sales, including targeted distribution of catalogues, hosted E-commerce platforms, voice and speech based solutions, direct sales, Lasoo, Roamz and digital catalogues.

In both areas, we become deeply embedded in our customers businesses, often providing them access to proprietary technology platforms to deliver these services. As a result, we are a very strategic partner. Focussing on these customer engagement opportunities presents us with a stronger strategic client relationship as we help to drive our client's sales. Underpinning this is the evolution of our strategic consulting and data insights businesses, which are designed to assist our customers determine what services they need to maximize ROC and which we are then able to implement.

I would like to quickly highlight Salmat's exceptional client base. As you can see in the slide, Salmat provides solutions to many of the largest brand names in the country, from the obvious names of Coles and Woolworths who have been utilising our original catalogue business for over 25 years, and now use a whole suite of our channel solutions. To more recent customers such as Channel 9 and 7 who utilise our capabilities in the digital areas of the business, including voting platforms and messaging services.

Major brands such as these require their suppliers to provide an exceptional service, and they rely heavily upon us. Our clients seek the security of dealing with a large corporate and the robust platforms that we provide, as we are communicating with their customers on their behalf, and brand risk is a major consideration for them.

Salmat has for many years played a key role in helping many major Australian businesses build closer relationships with their clients in the physical world. With the evolution of online commerce, we are now involved in developing and delivering solutions to help them build these relationships in the on-line world.



If we turn now to our major business lines, I will consider first the catalogue business, which is where Salmat started some 30 years ago. Salmat is Australia's largest targeted distributor of catalogues, retail promotion flyers and samples, delivering to more than eight million households twice a week throughout Australia and New Zealand. To ensure advertisers continue to achieve a Return on Communication better than any other media, Salmat also provides world-class customer targeting solutions and a suite of exclusive segmentation and profiling tools to support our catalogue distribution business. I will talk more about these shortly.

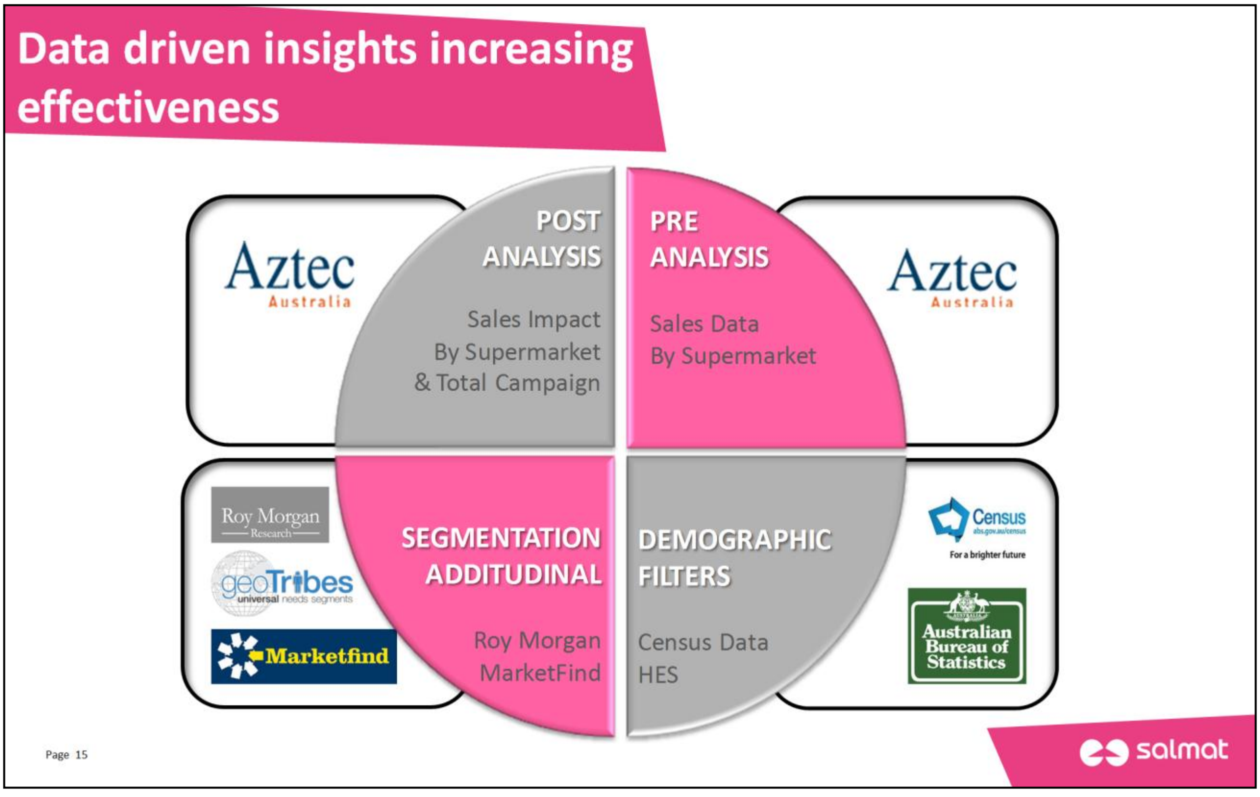
Catalogue volumes within Targeted Media Solutions continue to prove their worth to our customers, and were up 4.0% during the 2012 year. Growth was driven by increasing volumes across the major retailers and our strategy to target new markets including SME businesses and non traditional retailers including FMCG companies, banks, car manufacturers, telco's and utility companies. Revenue growth was in line with this volume increase confirming the strength of our capabilities here and the resilience of the letterbox channel.

We have a lot of anecdotal evidence from our clients that a reduction in catalogues has a material impact on their sales. Catalogues continue to be a highly effective means of selling products and services to new and existing customers, especially for selling goods and services, and why we believe our clients are unlikely to move away from them any time soon.

In a world that seems to only get busier, catalogues are viewed as a me-time activity. Not many media can say that they're viewed, sorted and, depending on relevance - kept or dismissed. Radio ads, TV ads, newspaper ads, come and go. Catalogue remains unique in mass advertising in that they are either read immediately, or are put aside to be absorbed when the recipient has time.

No other advertising channel is as pervasive as a catalogue, and research suggests the majority of catalogues make their way into the home with significant advantages over other methods of advertising. 65% of respondents recall receiving a specific catalogue, and 60% are interested in the catalogue they receive. Even more telling, is that 74.5% of respondents look through the catalogues they receive on a weekly basis, and 54.3% of respondents are more likely to shop with a retailer as a direct result of receiving the catalogue.

Catalogue advertising is indeed very effective.



Our focus is to maintain and increase relevance and attractiveness of catalogues to both consumers and therefore our clients.

Salmat has the ability to segment the Australian household landscape to provide a highly targeted communication channel, using two proprietary targeting and market segmentation tools, GeoTribes and Marketfind. These are database management tools, that utilise a range of different data sources, including Census data and industry partners such as Aztec and Roy Morgan, to profile Australian households into socio-demographic blocks of 400 homes, and allowing a retailer to then concentrate their marketing on their desired target market.

Catalogues – New Markets

- Expanding our market
  - Small to Medium Enterprise
  - Ad agencies
  - Non-traditional retailers

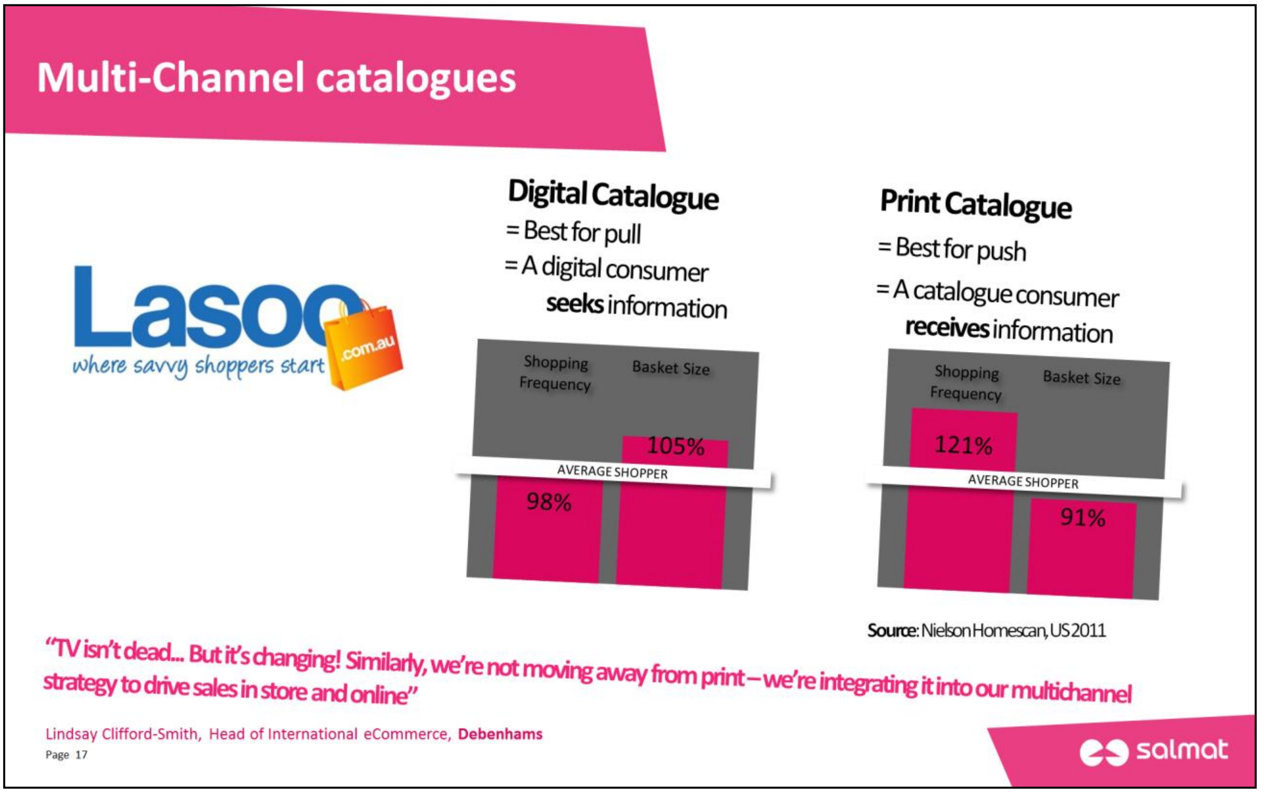
Page 16

salmat

With catalogues being as effective as they are, we do expect the traditional users, the retail industry, to continue to use printed catalogues as a critical element of their customer acquisition strategy. To drive catalogue volume growth, our strategy is to broaden our potential client base, rather than simply continuing to sell to our existing clients.

I have spoken in the past about our strategy to use our LDN on-line catalogue distribution portal to access the Small to Medium Enterprise market. We continue to enjoy great success and interest from SME clients, with volumes growing in this channel at approximately 8-10% per annum. The next stage of our SME strategy is to extend our online LDN platform, to become a one stop marketing service portal, offering email, SMS, social and e-commerce services, along with the traditional letterbox capability. This would be the first of its kind, and a game changer, giving SME businesses easy access to the same suite of marketing channels as large corporates.

The other key leg to growing the catalogue market is to grow the industry itself, by introducing new industries to utilise a printed catalogue as a part of their advertising, for example, real estate, FMCG, automotive, finance and insurance, and telecommunications. We are unusual in that our catalogue business typically holds a direct relationship with a retailer, rather than working through an agency. We are developing new relationships with advertising agencies, who have historically not considered using an unaddressed channel, as it has traditionally been the preserve of retailers. The data on catalogue effectiveness means that they are being considered by Australian brands and agencies in their omni channel marketing campaigns.



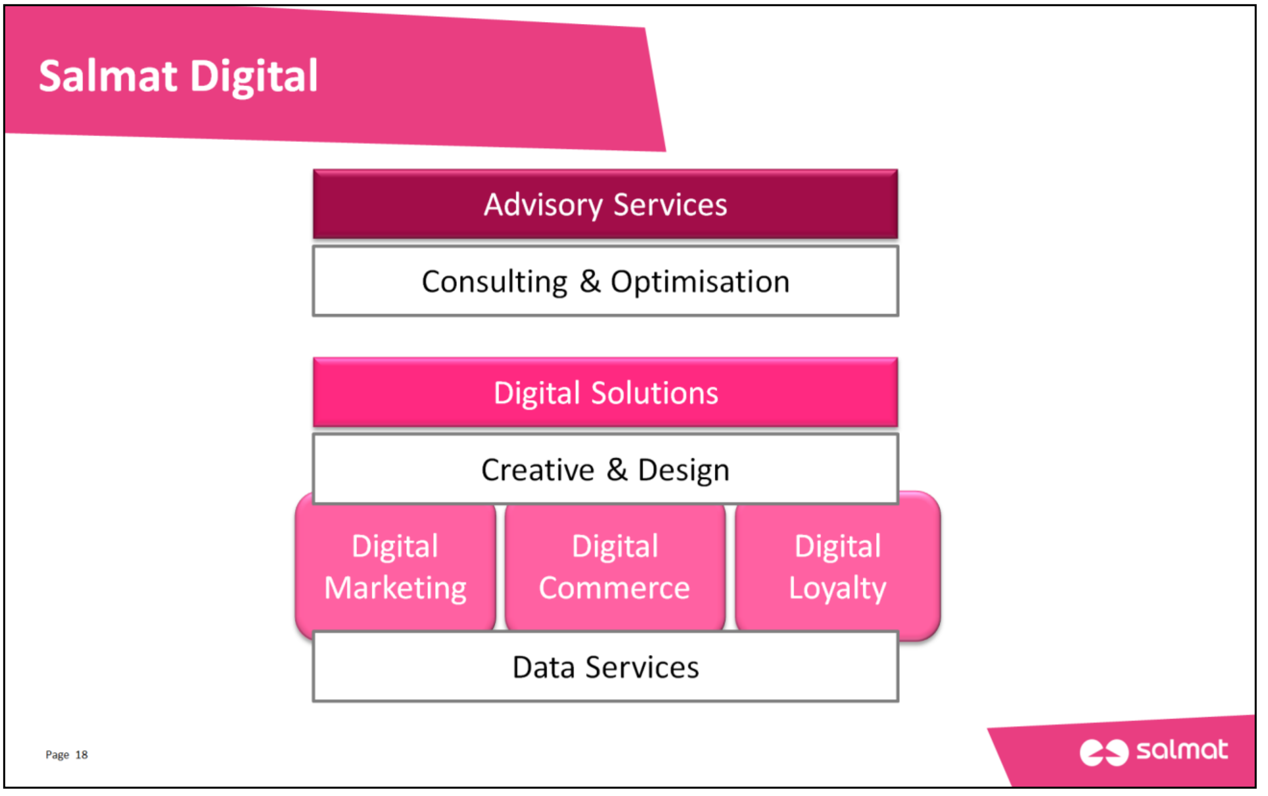
Whilst we strongly hold the view that traditional catalogues are as effective and relevant as ever, the digital landscape is re-shaping marketing budgets and challenging organisations on how best to engage consumers.

There are many instances throughout history of industries evolving due to technological change. Many people predicted the demise of radio when television came along, instead it evolved as its own unique channel, just as television is evolving now due to the influence of the internet. The evolution of the telecommunication industry from fixed line to mobile is accelerating, and how people use their mobiles is changing from voice communication to being a device used for data. The ever increasing online adoption is providing an opportunity for organisations to compliment, rather than replace, traditional catalogues with online experiences and vice versa.

For example, UK retailer Debenhams, who have acknowledged Australia as their third biggest online market outside the UK, are incorporating print media into their omni channel marketing strategy.

The fundamental point to note is that digital and print catalogues meet different consumer behaviours. Digital catalogues are browsed by consumers seeking information. To take advantage of this, advertisers should publish additional content online and enable catalogues to be searched and personalised. Our Lasoo dynamic catalogue service is a market leader in this area.

Printed catalogues continue to be a call to action, pushing information to consumers, inviting them to browse and be tempted by a great offer. A new and exciting area that we are developing is bringing the paper catalogue into the digital world. We are inviting consumers to interact with the catalogue by scanning inbuilt images and QR codes. Consumers can then obtain additional content or even buy items they see in a paper catalogue directly on-line via their mobile.

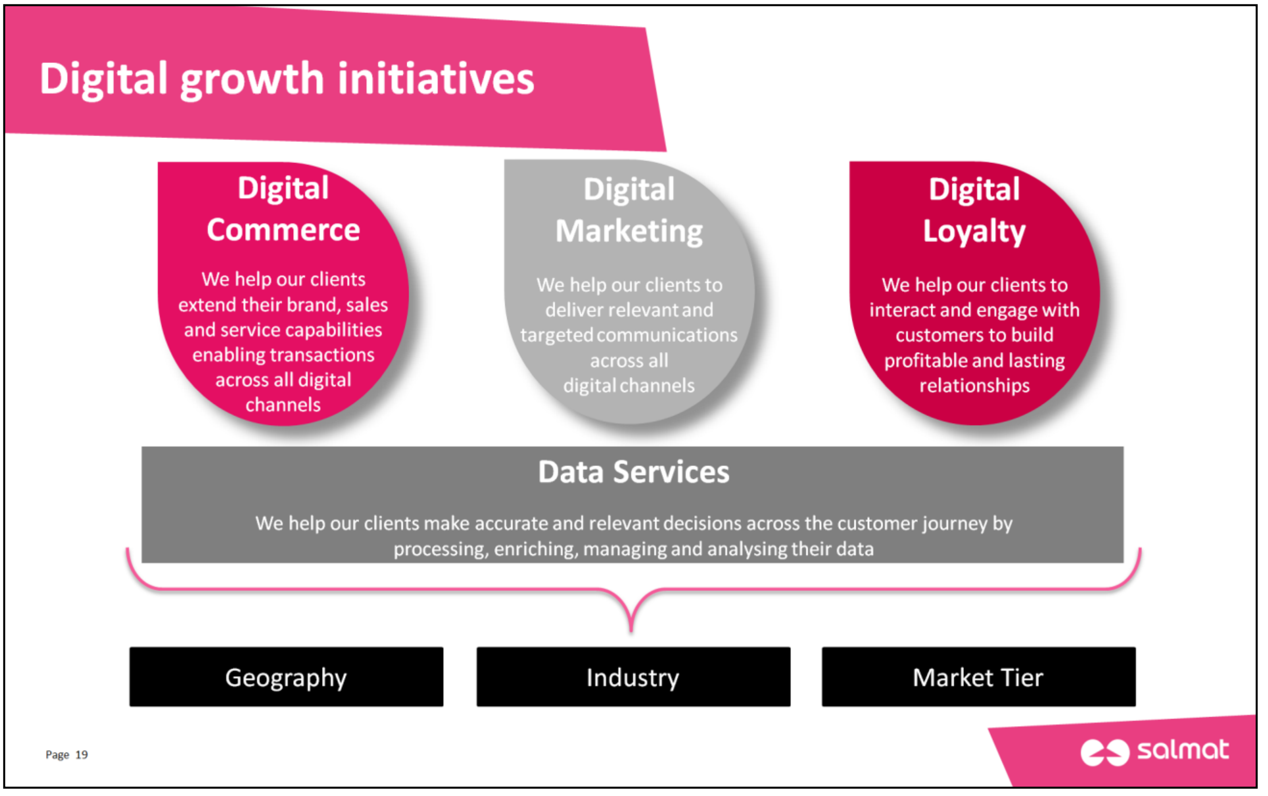


Which leads me to our digital offering. Our journey following the acquisition of four specialist digital businesses has taken us longer than originally anticipated, with our focus to integrate these businesses to establish a single integrated full service digital communication business. We are behind our original expectations in earnings contribution due to both delays in integration and the project nature of some of these businesses. We need to retain a proactive focus on new business and this hasn't been the case with the business being internally focused.

We now have the foundations in product range, appropriately skilled people and a focussed leadership group. We still need to upgrade some of the functionality in our client interaction systems but we are now ready to scale up these businesses. We continue to see the value and alignment of our digital strategy supporting our broader One Salmat omni channel vision, particularly through leveraging the tremendous relationships Salmat has across B2C organisations, who are themselves looking for a partner like Salmat to help them build their communications strategy.

Salmat Digital has built a scalable platform based business, with a vision to be Australia's leading digital marketing services and commerce partner.

To deliver this vision, we are developing a digital solutions and services business centred around Professional and Advisory Services (Consulting & Insights), Digital Solutions (Multichannel Marketing, Data & Commerce) and Digital Platform Services (Email, SMS, IVR & Search).



I would like to talk about the four growth initiatives that we are focusing on, being digital marketing, commerce and loyalty, and data services, which are underpinned by geographic, industry and scale diversification.

We see mid to large sized companies, along with SME clients, as our key growth market. Mid sized clients typically favour fully managed services and / or a hybrid model of managed services with a degree of self service flexibility, which allows us to offer productised offerings with basic standardisation.

Within Digital Commerce, we have partnered with Hybris, the leading global technology player, to position Salmat Digital as the leading hosted e-commerce partner in Australia. We are leveraging our breadth of skills to provide end-to-end design, delivery and optimisation at scale. The rapid adoption of ecommerce platforms in retail is creating opportunities and we are now in a position to ramp up the sales pipeline in H2.

Within Digital Marketing, we will target the larger and mid-market with a packaged suite of digital marketing services, through email and other messaging services. We have seen strong email volume growth from existing clients, and there is opportunity to shift our email platforms towards self service and automation. Reviewing trends in the USA and European markets, integrating email, SMS and social media into cross channel marketing solutions is driving significant volume growth.

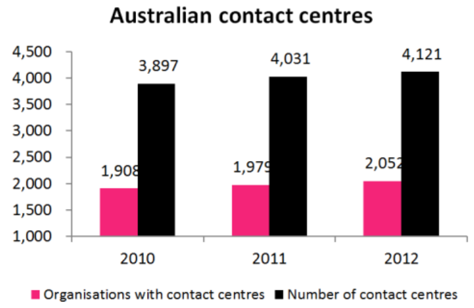
We also have a focus on digital loyalty and are are already doing some good work in competition voting (such as TV shows such as Big Brother and The Voice) and customer feedback.

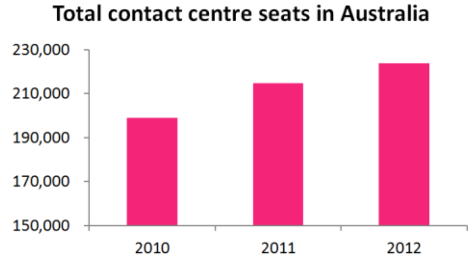
The revenue model in commerce, marketing and loyalty is multi faceted, and is based on delivery and implementation fees, platform and licence fees, hosting and support changes, and operational, management and support fees.

The growth in the digital environment is also driving exponential increases in both the volume and complexity of data for our clients. Demand for 'big data' is now at the centre of most organisations growth and customer engagement strategies. The data services market is currently broad and highly fragmented, and there are few solution providers targeting the large and mid-tier data insights market. We see this as an area of significant potential growth and will look to scale up our position here.

Customer Contact Solutions market

- 17% of Australian in-house contact centres currently out source some of their functionality
- Australian contact centres preference for on-shoring (74%) to off-shoring (26%)
- Salmat near-shore and off-shore alternative provides all of the advantages of outsourcing, with a better value proposition for the customer





Source: Fifth Quadrant

Page 20

salmat

I would like to turn now to the contact centre industry and the opportunities that we see. Salmat's Customer Contact Solutions is Australia's largest provider of outsourced contact centre, direct sales and speech services and is fundamental to our vision to be Australia's leading customer engagement and acquisition partner.

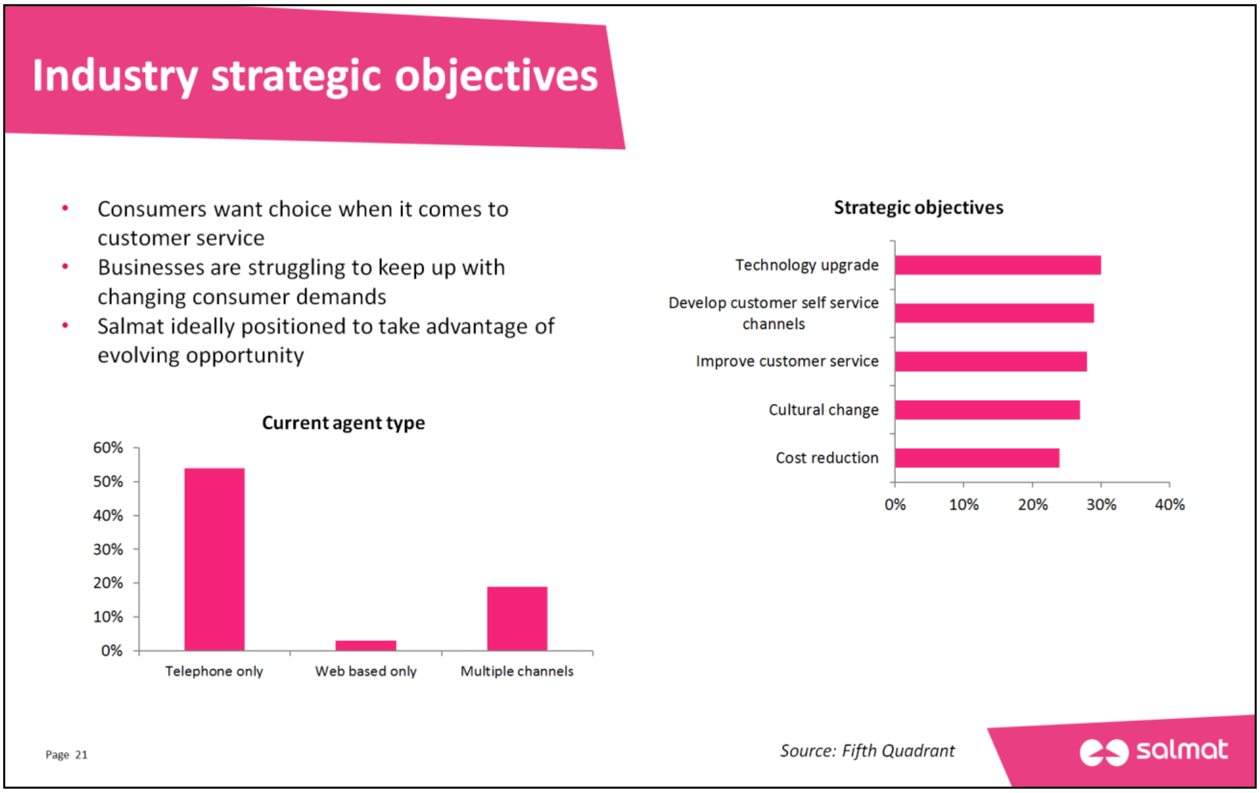
CCS operates in a market that is going through a significant change that plays to our strengths and presents us with a great opportunity.

Research suggests that in 2011, 1,979 Australian organisations operated 4,031 contact centres, which accounted for 214,900 seats, an increase of 8% over the 2010 year. It is estimated that the total number of contact centre seats in Australia will rise approximately 4% in the 2012 year.

If we focus on outsourced contact centres, approximately 17% of in-house contact centres outsource some of their operations to a service provider.

With this background, I would like to talk about what is shaping up to be the single biggest challenge for many customer service centres, and hence is our opportunity. All consumers have preferred ways to interact with companies. Some prefer self-service interactions, others insist on speaking directly with agents, and more recently we have seen the rise of social media. The challenge for business is how to interact with customers using their preferred medium and to provide a consistent level of service across all types of communication.

We believe this challenge will create a real inflection point in the contact centre industry in Australia, leading many organisations to now seriously contemplate outsourcing their centres.



We are already starting to see this, as businesses that are faced with having to invest in multi channel communication technology are looking at alternative strategies, including outsourcing their contact centres. In addition, as more retailers build out their e-commerce strategy, they too are identifying the need for a dedicated contact centre to service their online customers. Again, the required investment in infrastructure and resources strengthens the outsourcing argument.

It is interesting that the channels currently employed in Australian in-sourced contact centres are not keeping pace with the changes in how we communicate. Across Australia, 54% of in-sourced contact centre agents are still dedicated to telephone transactions only, 3% are dedicated to web based transactions only, and only 19% are a multi channel agent.

It should then come as no surprise that in the next 12 months, upgrading contact centre technology is the main strategic priority of businesses and government in Australia. This is ahead of other priorities such as improving customer service, cultural change and cost reduction.

Our solution to this problem is a new cloud-based contact centre solution called Salmat Reach.

Reach is the "Agent of the Future" delivering unified communication through a single solution. It incorporates voice, internet and social channels, and is one of the best examples of Salmat's focus on customer-driven, customer service. It will deliver a consistent and effective approach across all communications channels. It provides all companies, but particularly our target market, with a rich selection of features that would be otherwise unaffordable. It is highly flexible and responsive to changing needs, and being cloud based, gives organisations the ability to outsource or in-source their contact centre.

Using Reach, companies can collect information gleaned from conversations in the contact centre to gain a better understanding of the prevailing customer mind set. For example, speech recognition tools can listen in for key words and be incorporated into social media analysis, providing a quality check against social media conversations. And it can quickly show businesses whether a trending social media issue is really worrying their customers.

It is not just social media sources that Reach can use. Other features that have been integrated include the ability to automatically route calls to the correct agent, prioritising customers according to their query and the ability to quickly up and down scale the centre as required. To give you an appreciation of just how fluid this is, initial testing at Salmat has shown that Reach will be capable of provisioning an entire 100-seat contact centre, enough for a very large company, within the space of 24-hours.

Outlook and Trading update

- Restructure following BPO divestment
- Annualised total cost savings of $10m, of which corporate cost benefit of $5 million
- FY 13 total corporate cost of $13m - $15m
- Opportunity to accelerate current strategy – "more from the core"
- Consumer environment to remain challenging
- Catalogue business demonstrates resilience
- Sound pipeline in CCS, but direct sales remains challenging
- Digital starting to build
- Trading YTD in line with prior comparable period

Page 23

salmat

My goal in this presentation was to give you an appreciation of how our major business lines complement each other and will drive our vision to be the leader in customer engagement and acquisition solutions. I would now like to turn to some of the immediate operational imperatives and to consider current trading.

We are in the process of restructuring the business to reflect a smaller and simpler organisation following the sale of BPO which will result in one-off re-structuring costs. Complicating this is our obligation to continue providing transition services to BPO as a condition of the sale arrangement with Fuji Xerox. We expect these services to conclude progressively over the next 12 months, however our obligation can remain for up to 18 months from close of the sale.

Our medium term goal is to reduce total costs across the Group, on an annualised basis, by approximately $10 million. Of this, approximately $5 million will relate to corporate costs. The need to provide complex transitional services within an uncertain timeframe means that confirming exact timing of corporate savings is difficult. Specifically within FY13, we are anticipating corporate costs of between $13-$15 million before any restructure costs.

In conjunction with restructuring the company, we are seeking to identify opportunities to accelerate our growth strategy. What is coming through clearly are the opportunities that are available in our existing services, which we have referred to as our "more from the core" strategy. However, we are experiencing challenging retail trading conditions, with consumer sentiment down and most of our clients reporting lower volumes. The most affected is the discretionary retail sector, where we are seeing store closures and some retailers entering receivership.

In spite of these challenges, our catalogue business is demonstrating its resilience and its results year to date are broadly in line with the prior comparable period. Our focus is on growing this channel with our non-traditional retailer and SME strategy and we look forward to the return of discretionary retailers when the cycle improves.

We see real opportunity to participate in this exciting time of change in the contact centre industry and we will focus on the contact centre and speech areas of our CCS business. Our pipeline of opportunities is developing and we expect decisions on some of these before Christmas. Our direct sales business, which in past periods has contributed up to a third of CCS earnings, continues to be impacted by the downturn in discretionary retailing.

Whilst our digital business has been disappointing, the investment made has given us a strong foundation to drive volume and sales. Lasoo continues to show improvement across key audience metrics, and our focus on continuing to invest ahead of the curve will see Lasoo lose $1m in 1H13.

Given the re-structuring of the business and associated one-off costs, the timing of corporate cost reductions, and the uncertain trading environment, it is premature to give earnings guidance at this stage for the FY13 year. We can confirm year to date trading for our remaining businesses is broadly in line with the prior comparable period. We will look to provide a further update following the release of the company's 1st half results in February 2013.

I would like to take the opportunity to thank all of our people, my leadership team, the board and our shareholders for their continued support. Our company is now in the very envious position of being net cash, with the ability to review opportunities to drive further earnings growth. Importantly, we have a range of very sustainable business activities that are highly relevant to our customers, we have great opportunities to continue growing these and we also have a strong and growing position in the new and exciting digital future of our industry.

Thank you

Grant Harrod


salmat
Rick Lee Chairman

Item One: Financial Statements

To consider and receive the Financial Reports, the Directors' Report and the Auditors' Report of Salmat Limited for the year ended 30 June 2012.

Item Two: Remuneration Report

Non-binding advisory resolution:

That the remuneration Report of the Company for the year ended 30 June 2012 be adopted.

Item Two: Remuneration Report

- Proxies in favour: 62,288,358
- Proxies open: 381,362
- Proxies against: 5,104,130
- Proxies abstaining: 688,445

Following any questions or discussion, at the end of the meeting a poll will be held to ensure that the voting cast on this resolution is clear to all shareholders.

salmat

Item Three: Re-election of Director, Philip Salter

Resolution:

That Philip Salter, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a director of the Company.

salmat

Item Three: Re-election of Director, Philip Salter

• Proxies in favour:	109,961,186
• Proxies open:	30,554,134
• Proxies against:	55,625
• Proxies abstaining:	7,593

Following any questions or discussion, at the end of the meeting a poll will be held to ensure that the voting cast on this resolution is clear to all shareholders.

salmat

Item Four: Re-election of Director, Peter Mattick

Resolution:

That Peter Mattick, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a director of the Company.

salmat

Item Four: Re-election of Director, Peter Mattick

- Proxies in favour: 108,741,316
- Proxies open: 30,553,834
- Proxies against: 1,274,076
- Proxies abstaining: 9,312

Following any questions or discussion, at the end of the meeting a poll will be held to ensure that the voting cast on this resolution is clear to all shareholders.

Item Five: Long Term Incentive Grant to the CEO, Grant Harrod

Resolution:

To approve the Long Term Incentive Grant to Chief Executive Officer, Grant Harrod.

salmat

Item Five: Long Term Incentive Grant to the CEO Grant Harrod

- Proxies in favour: 60,149,240
- Proxies open: 390,234
- Proxies against: 7,276,974
- Proxies abstaining: 645,847

Following any questions or discussion, as this now concludes the formal part of the meeting, a poll will be held for Resolutions 2, 3, 4 & 5 to ensure that the voting cast on this resolution is clear to all shareholders.

salmat


THANK YOU