

ASX/Media release**12 May 2006****COLES MYER CONTRACT TO END**

Salmat Limited ("Salmat") has been notified by Coles Myer Limited ("CML") that it will not be renewing its advertising catalogue distribution contract when it expires on 1 August 2006. The CML work is expected to progressively transition from July 2006 through to April 2007. CML accounts for approximately 6.7% of group revenues.

Salmat does not expect any material impact on its distribution volumes for FY2007 with CML volumes being replaced by recently secured new business contracts for catalogue distribution and expected new business from current prospects.

Salmat's Joint Managing Director, Philip Salter said "Whilst we are always disappointed to lose a customer, particularly one who has been with us for so many years, our new wins will provide us with a deeper and more diverse customer base. The industry outlook for our Targeted Media distribution business is increasingly competitive and we may come under pricing pressure."

ends

***Salmat** is Australia's leading customer communication group. We facilitate our customers' contact with their customers – through targeted catalogue distribution, mail-outs or telephone communication.*

We have three businesses, all of which are market leaders:

- **Targeted Media** delivers advertising catalogues to homes throughout Australia and New Zealand. Detailed demographic analysis enables us to target the consumers most likely to buy particular products, helping our customers to maximise their sales.
- **Business Process Outsourcing** processes and mails bank and credit card statements, accounts and other customised, bulk mailings in Australia, Hong Kong, Taiwan and the Philippines. We receive customers' electronic data, process it using smart technology, and print and mail statements, providing significant cost savings.
- **Contact Centres** handles inbound and outbound telephone, fax, email and online communications on behalf of our customers, from facilities in Australia and the Philippines. Inbound services include technical support and customer care; while outbound services include telemarketing, direct sales and customer retention. We also facilitate business-to-business and business-to-consumer conversations through a range of sales support services.

Over 27 years we have built a 3,600 strong team, experienced in contributing to our customers' growth through helping them to communicate effectively with their customers. This experience, together with our proprietary systems and technology and our strong customer relationships, secures Salmat's position as Australia's – and increasingly the region's – leader in customer communication services.

Further information: contact Phil Salter or Ashley Fenton, Salmat Limited (02)9928 6500.