

3rd October 2007

MEDIA RELEASE

Salmat Half Year Trading Update

Salmat Limited today provided an update on trading results for the half year ended 31 December 2007.

This update which would usually be provided at the time of Salmat's Annual General Meeting on 14 November 2007 is being made now to ensure shareholders are fully informed and particularly HPA Limited shareholders in making their elections under the Scheme of Arrangement.

Salmat has started the year with sales for the first two months above last year's and sales for the first half excluding any contribution from the proposed acquisition of HPA Limited are expected to be 10 to 12% up on the first half of last year.

Net profit for the half-year is expected to be lower than the prior corresponding period excluding any contribution from the proposed acquisition of HPA Limited. The prior period results included a net profit on the sale of the Client Logic Philippines joint venture of \$25 million and equity accounted profits from the joint venture of \$1.3 million.

In addition the current period results will reflect higher costs arising from; the further development and launch of Salmat's new online digital media www.lasoo.com.au expected to be up to \$4 million, as well as expected restructure and redundancy costs of approximately \$2 million.

Salmat is confident that full year EBITA (earnings before interest, tax and amortisation) excluding significant items and the proposed HPA acquisition (i.e. on a like for like basis) will be above last year's result.

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About Salmat

***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.
- **SalesForce** handles inbound and outbound telephone, fax, email and online communications on behalf of our customers, from facilities in Australia and the New Zealand. 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 28 years we have built a 5,000 plus 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.