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SMARTER

6 April 2016

The Manager

Company Announcements

ASX Limited

Level 4, 20 Bridge Street

Sydney NSW 2000

Dear Sir/Madam,

Dispatch of Notice of Annual General Meeting and Proxy Form

OPUS Group advises that the Notice of Annual General Meeting, the Annual Report for the 12 months ended 31 December 2015 and Proxy Form were dispatched to shareholders today. A copy of these documents follows this announcement.

For shareholders who have elected to receive documents electronically should receive an email today.

For shareholders who have requested a hard copy of these documents, mailing will commence today.

Virginia Lee

Company Secretary

OPUS Group Limited

OPUS Group Limited A.B.N. 48 006 162 876

12 Rachael Close, Silverwater, 2128, NSW, Australia. Ph: +61 2 9584-7680 Fax: +61 2 9648-5887

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OPUS GROUP

ACN 006 162 876

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of OPUS Group Limited (the Company) will be held in 12 Rachael Close, Silverwater on Monday, 9 May 2016 at 10.30 a.m. (AEST).

Agenda Items

1. Financial Statements and Reports

To consider the Financial Statements, the Directors' Report and the Auditor's Report for the Company for the period from 1 January 2015 to 31 December 2015.

2. Remuneration Report

To adopt the Remuneration Report for the financial period from 1 January 2015 to 31 December 2015, which is set out on pages 23 to 28 of the Annual Report.

The Remuneration Report contains details of the Company's policy for determining the remuneration for Directors and Senior Executives. It includes information on the methodology adopted and the elements of remuneration which are fixed and those which are related to performance.

In accordance with the Corporations Act, this resolution is advisory only and does not bind the Company or the Directors.

3. Re-election of Director – Mr. Paul Young

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"To elect as a Director, Mr Paul Young who retires in accordance with the Company's Constitution and the ASX Listing Rules and offers himself for re-election."

Relevant information about Mr Young is set out on page 19 of the Annual Report.

The Board (other than Mr Young) considers that Mr Young is an independent Director of the Board, supports the re-election of Mr Young and recommends that Shareholders vote in favour of this resolution.

4. Proposed Sale of Singapore Division to 1010 Group

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"'That, for the purposes of Listing Rule 10.1 and for all other purposes, shareholders approve the "Proposed Disposal", as defined, and on the terms and conditions, in the explanatory notes accompanying the notice convening this meeting."

Messrs Celarc and Young (as the Board members not associated with the 1010 Group) recommend that Shareholders vote in favour of this resolution.

Voting Exclusion Statement

Agenda Item 2

In accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**), the Company will disregard any votes cast in respect of Agenda Item 2 (Remuneration Report) by any key management personnel of the Company and their closely related parties. However, the Company need not disregard a vote if:

(a) It is cast by a person (including the key management personnel or their closely related parties) as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) It is cast by a person chairing the meeting as proxy for a person who is entitled to vote, where the proxy form does not specify the way the proxy is to vote on Agenda Item 2 but expressly authorises the person chairing the meeting to exercise the proxy even if Agenda Item 2 is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company. The person chairing the meeting intends to vote all available proxies in favour of Agenda Item 2.

For the purposes of this voting exclusion, “key management personnel” are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The Company’s Remuneration Report for the financial period from 1 January 2015 to 31 December 2015 identifies the Company’s key management personnel for that financial period. Their “closely related parties” are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

Agenda Item 4

The Company will disregard any votes cast in respect of Agenda Item 4 (Proposed Sale of Singapore Division to 1010 Group) by the 1010 Group and any of its associates. However, the Company need not disregard a vote if:

(a) It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) It is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. The person chairing the meeting intends to vote all available proxies in favour of Agenda Item 4.

Voting and Proxies

The Company has determined in accordance with the Corporations Act that for the purpose of voting at the meeting or adjourned meeting, Shares will be taken to be held by those persons recorded in the Company's Register of Members as at 7.00 p.m. (AEST) on Saturday 7 May 2016.

Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the member. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where two proxies are appointed, each proxy may be appointed to represent a specified proportion or number of the member's voting rights. If the member does not specify the proportion or number of the member's voting rights that each proxy is to represent, each proxy will be entitled to exercise half the member's votes. A proxy need not be a member of the Company. A form of proxy is enclosed. In order to be valid the properly completed form of proxy must be lodged at least 48 hours before the meeting either:

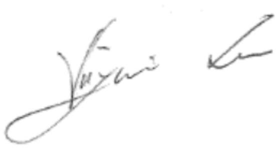
(a) **Online**: www.votingonline.com.au/opusgroupagm2016

(b) **By fax**: +61 2 9290 9655

(c) **By mail**: Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001, Australia

(d) **In person**: Level 12, 225 George Street, Sydney NSW 2000, Australia

By Order of the Board



Virginia Lee
Company Secretary

Dated: 6 April 2016

Explanatory Notes

These explanatory notes have been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting (AGM) to be held at 12 Rachael Close, Silverwater NSW 2128 on Monday, 9 May 2016 at 10.30 a.m. (AEST).

1 Agenda Item 4 – Proposed Sale of Singapore Division to 1010 Group

1.1 Background

The **OPUS Group** (comprising the Company and its subsidiaries) currently operates its Singaporean business through a wholly owned Singaporean subsidiary, C.O.S. Printers Pte Ltd (**COS Printers**).

Established in 1972, COS Printers provides a total print and business services solution to the international publishing industry. Based in Singapore, COS Printers utilises the country's infrastructure and geographical location as a point of distribution to regions such as Europe, USA, Australasia and South East Asia. Key clients of COS Printers are global publishing houses.

After forming a strategic alliance relationship with COS Printers during 2009, the OPUS Group subsequently acquired COS Printers in September 2010.

It is proposed that all of the issued capital in COS Printers currently held by OPUS Group be sold to 1010 Printing Group Limited (**1010 Group**) on the following basis:

(a) Proposed purchaser: 1010 Group or its nominated subsidiary;

(b) Consideration:

(i) A$11,300,000 to be paid on completion of the transaction; and

(ii) A$8,000,000 to be paid subsequent to completion, subject to and conditional upon 1010 Group's shareholding in COS Printers reducing below 50% at any time within 3 years after completion;

(c) Conditions precedent:

(i) Satisfaction of applicable regulatory requirements (including the approval of those shareholders of the Company not associated with the 1010 Group);

(ii) COS Printers maintains a minimum of SG$6,800,000 net tangible assets; and

(iii) OPUS Group enters into a non-compete agreement with COS Printers in Singapore for a minimum period of 2 years; and

(d) Expected date of completion: 2 business day after shareholders' approval, subject to all conditions precedent being satisfied,

(**Proposed Disposal**).

1.2 Rationale for and evaluation of the Proposed Disposal

In considering whether to proceed with the Proposed Disposal, Messrs Celarc and Young (as the Board members not associated with the 1010 Group) have considered the following:

(a) The contents of the IER (as defined in paragraph 1.3(b) below).

(b) Due to geographical differences, there is little synergy between COS Printers' printing business located in Singapore and OPUS Group's printing business located in Australia and New Zealand. As a result, COS Printers has been operating as a stand-alone printing business.

(c) Management will be relieved of the distraction of directing its efforts to an offshore undertaking and will be able to better its focus on OPUS Group's printing business in Australia and New Zealand.

(d) The Proposed Disposal will allow management to unlock the value in OPUS Group's investment in COS Printers and return such value to shareholders;

(e) Management can reorganise the distribution of resources to the OPUS Group's printing business in Australia and New Zealand to magnify OPUS Group's return.

(f) Although OPUS Group will lose its presence in the printing business in Singapore, with the backing of 1010 Group as a substantial shareholder, OPUS Group's accessibility to print for the world's largest publishers will not be affected.

(g) The Board's intentions are to consider a proposed payment of special dividend to the Company's shareholders using the proceeds from the Proposed Disposal, subject to approval of the Proposed Disposal by the Company's shareholders and to completion of the Proposed Disposal.

1.3 ASX Listing Rule 10.1 and independent expert's report

As:

(a) COS Printers would constitute a substantial asset of the OPUS Group; and

(b) The 1010 Group (through its wholly owned subsidiary Bookbuilders BVI Ltd) currently holds a substantial shareholding in the Company of approximately 61.88%,

ASX Listing Rule 10.1 requires the approval of those shareholders of the Company who are not associated with the 1010 Group be obtained prior to implementation of the Proposed Disposal.

In accordance with ASX Listing Rules 10.1, 10.10 and 10.10A:

(a) Messrs Celarc and Young (as the Board members not associated with the 1010 Group) have unanimously approved the proposal to put Agenda Item 4 to shareholders.

(b) The Company engaged Lonergan Edwards and Associates Limited (**Independent Expert**) to prepare an independent expert's report (**IER**) in respect of the Proposed Disposal. **The IER states that in the opinion of the Independent Expert, the Proposed Disposal is fair and reasonable to the Company's shareholders other than the 1010 Group.**

(c) A copy of the IER is attached as Annexure A, is available on the Company's website (www.opusgroup.com.au) and will be provided free of charge to any shareholder of the Company who requests one. Shareholders may request a copy of the IER by contacting the Company's share registry, Boardroom, on 1300 737 760 (for callers within Australia) or +61 2 9290 9600 (for callers outside Australia).

1.4 Chapter 2E of the Corporations Act

The Company has determined that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to the Proposed Disposal.

Chapter 2E prohibits the giving of a financial benefit to a related party of a public company, unless the financial benefit has been approved by shareholders, or the giving of that benefit falls within the exceptions set out in Chapter 2E.

Section 210 of the Corporations Act provides an exemption for transactions that are on terms that would be reasonable if the Company and the related party were dealing at arm's length.

Messrs Celarc and Young (as the Board members not associated with the 1010 Group) approved the terms of the Proposed Disposal, and consider those terms to be commercial and of an arm's-length nature.

IER states that in the opinion of the Independent Expert, the Proposed Disposal is fair and reasonable to the Company's shareholders other than the 1010 Group. As is apparent from the IER, the valuation of COS Printers implied in the consideration to be paid by 1010 Group on completion of the Proposed Disposal is in line with the fair market value of COS Printers.

Accordingly, the exemption in section 210 of the Corporations Act applies to the Proposed Disposal.

1.5 **Board recommendation and voting**

Messrs Celarc and Young (as the Board members not associated with the 1010 Group) recommend that shareholders vote in favour of the resolution in Agenda Item 4. The reasons those directors make this recommendation are that:

(a) having considered all of the circumstances, the advantages of the Proposed Disposal outweigh the disadvantages; and

(b) they consider the terms applicable to the Proposed Disposal to be commercial, of an arm's-length nature, and in the best interests of the Company.

Other than as shareholders, Messrs Celarc and Young do not have an interest in the outcome of this resolution.

Mr Lau and Ms Lam are executive directors of Bookbuilders BVI Ltd and executive directors of the 1010 Group, and, for those reasons, have declined to make recommendations on this resolution.

ANNEXURE A

INDEPENDENT EXPERT'S REPORT

The Company engaged Lonergan Edwards and Associates Limited (**Independent Expert**) to prepare the independent expert's report set out herein (**IER**) in respect of the Proposed Disposal.

The IER states that in the opinion of the Independent Expert, the Proposed Disposal is fair and reasonable to the Company's shareholders other than the 1010 Group.

LONERGAN EDWARDS
& ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 246532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
www.lonerganedwards.com.au

The Independent Directors
OPUS Group Limited
12 Rachael Close
Silverwater NSW 2128

17 March 2016

Subject: Sale of C.O.S. Printers Pte Ltd

Dear Independent Directors

Introduction

1 As outlined in the Notice of Meeting and Explanatory Notes to which this report is annexed, OPUS Group Limited (OPUS) proposes to sell its wholly owned subsidiary company C.O.S. Printers Pte Ltd (COS) to 1010 Printing Group Ltd (1010 Group) for cash consideration of A$11.3 million (the Proposed Transaction).

2 The terms of the sale also make provision for the payment of additional consideration of A$8.0 million in the event that the interest of the 1010 Group in COS falls below 50% at any time in the next three years. For the purpose of our report we have assumed that subsequent to the Proposed Transaction, the 1010 Group does not currently intend to reduce its interest in COS to a level that would give rise to this payment being made[1].

3 The Proposed Transaction is conditional on factors including:

(a) various regulatory requirements (including OPUS shareholder approval)

(b) agreement by OPUS not to compete in Singapore for a minimum period of two years

(c) the net tangible assets of COS being not less than S$6.8 million at completion[2].

1 We have concluded that the Proposed Transaction is fair and reasonable to OPUS shareholders other than 1010 Group based on a consideration of A$11.3 million. The receipt by OPUS of any additional consideration in the future would only improve the position of OPUS shareholders above that currently assessed.

2 Based on reported net assets at 31 December 2015, subsequent expected profitable trading and no dividends being declared / paid, we would expect this condition to be met.

Scope

4 1010 Group is the major shareholder in OPUS and is represented on the OPUS Board. Accordingly, the Proposed Transaction is between related parties and requires shareholder approval. The regulatory requirements governing such approval include a requirement to include an independent expert's report (IER) in relation to the Proposed Transaction in the information to be provided to shareholders to assist in their consideration of the Proposed Transaction.

5 The Independent Directors of OPUS have therefore requested Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Proposed Transaction is fair and reasonable to OPUS shareholders other than 1010 Group. Our report has had regard to Chapter 10 of the Australian Securities Exchange (ASX) Listing Rules.

6 The LEA report will accompany the Notice of Meeting and Explanatory Notes to be sent by OPUS to its shareholders in connection with the Proposed Transaction. LEA is independent of OPUS and 1010 Group and has no other involvement or interest in the transaction.

Summary of opinion

7 In LEA's opinion the Proposed Transaction is fair and reasonable to the shareholders of OPUS other than 1010 Group. We have arrived at this conclusion for the reasons set out below.

Valuation of COS

8 LEA has valued 100% of the ordinary shares in COS at between A$10.9 million and $A11.4 million as shown below:

Value of equity in COS (S$)	Low S$m	High S$m
Enterprise value	10.25	10.75
Net cash	1.0	1.0
Value of the equity in COS	11.25	11.75

9 Pursuant to the Proposed Transaction, the consideration to be paid for the equity in COS is expressed in A$. Our assessed value of the equity in COS in A$ is shown below:

Value of equity in COS (A$)	Low A$m	High A$m
Assessed value in S$	11.25	11.75
Exchange rate(1) A$1.00 = S$	1.03	1.03
Assessed value in A$	10.9	11.4

Note:
1 Exchange rate as at 16 March 2016.

Assessment of fairness

10 Pursuant to Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 - *Content of expert reports* (RG 111), the Proposed Transaction is "fair" if:

"... the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer."

11 This comparison is shown below:

Comparison of consideration and value of COS	Low A$m	High A$m	Mid-point A$m
Value of consideration	11.3	11.3	11.3
Value of 100% of COS	10.9	11.4	11.2
Extent to which the consideration exceeds the value of COS	0.4	(0.1)	0.1

12 As the consideration offered by 1010 Group is within the range of our assessed value of 100% of COS, in our opinion, the Proposed Transaction is fair.

Assessment of reasonableness

13 Pursuant to RG 111, the Proposed Transaction is reasonable if it is fair. Consequently, we have concluded that the Proposed Transaction is both fair and reasonable.

14 There are also advantages and disadvantages associated with the Proposed Transaction which we consider relevant to an OPUS shareholder approval decision:

Advantages

(a) prima facie the consideration of A$11.3 million to be received from the sale of COS is surplus to the current financing requirements of the OPUS Group. In the circumstances, there is potential for OPUS to consider capital management initiatives likely to be beneficial to all OPUS shareholders[3]

(b) the Proposed Transaction implies an EBITDA[4] multiple for COS which is significantly above the implied EBITDA multiple which sharemarket investors have recently attributed to OPUS. In the circumstances we would expect the Proposed Transaction to be value accretive to OPUS shareholders

Disadvantages

(c) whilst the sale of a Singapore based business may be beneficial in terms of allowing OPUS management to focus totally on the Australasian businesses, the Proposed Transaction does have the effect of reducing the size of the OPUS Group by around 13% (based on reported FY15 revenues). Such a reduction in size may have negative implications for shareholders, given investor interest in companies generally declines as companies reduce in size (and vice-versa).

3 We have not discussed this potential with OPUS management and there have been no public statements made by OPUS in this regard.

4 Earnings before interest, tax, depreciation and amortisation of acquired intangibles.

General

15 The ultimate decision whether to approve the Proposed Transaction should be based on each shareholder's assessment of the Proposed Transaction. If shareholders are in doubt about the action they should take in relation to the Proposed Transaction or matters dealt with in this report, shareholders should seek independent professional advice.

16 For our full opinion on the Proposed Transaction and the reasoning behind our opinion, we recommend that OPUS shareholders read the remainder of our report.

Yours faithfully

Craig Edwards	Martin Holt
Authorised Representative	Authorised Representative

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Appendices

I Scope of our report

Purpose

17 ASX Listing Rule 10.1 states that an entity must ensure that it does not acquire a substantial asset from, or dispose of a substantial asset to, a substantial holder (of greater than 10% of the voting rights) or an associate of a substantial holder without the approval of holders of the entity's ordinary securities. Approval is required by resolution at a general meeting.

18 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity.

19 ASX Listing Rule 10.10 requires that the notice of general meeting includes a report from an independent expert stating whether the transaction is fair and reasonable to those holders of ordinary shares who are not associated with the acquirer.

20 The Independent Directors of OPUS have requested LEA to prepare an IER to assist OPUS shareholders in making a decision whether or not to approve the Proposed Transaction. Accordingly, the IER sets out an independent assessment of whether the Proposed Transaction is fair and reasonable to OPUS shareholders not associated with 1010 Group, together with the reasons for this opinion.

21 This report has been prepared by LEA for the benefit of OPUS shareholders to assist them in considering the resolution to approve the Proposed Transaction. Our report will accompany the Notice of Meeting and Explanatory Notes to be sent to OPUS shareholders. The sole purpose of our report is to determine the opinion referred to above.

22 The ultimate decision whether to approve the Proposed Transaction should be based on each OPUS shareholder's assessment of the Proposed Transaction. If in doubt about the Proposed Transaction or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

23 In preparing our report we have given due consideration to the ASX Listing Rules and Regulatory Guidelines issued by ASIC, particularly RG 111.

ASX Listing Rules

24 The ASX Listing Rules' requirements for acquisition and disposal of assets to related parties are noted above and are triggered by circumstances that give rise to the potential for conflict of interest[5].

RG 111

25 Pursuant to RG 111, the Proposed Transaction is "fair" if the consideration received is equal to or greater than the value of the assets disposed of.

26 Pursuant to RG 111 the Proposed Transaction is "reasonable" if it is fair. The Proposed Transaction may also be reasonable if, despite not being "fair" but after considering other

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5 Paragraph 31 of ASX Guidance Note 24 – *Acquisition and disposal of assets between related parties: Listing Rules 10.1 – 10.10.*

significant factors, the expert is of the opinion that shareholders as a whole will be better off if the Proposed Transaction is completed.

27 In LEA's opinion the most appropriate basis upon which to evaluate the Proposed Transaction is to consider:

(a) the market value of the shares in COS being sold

(b) the market value of the consideration to be received i.e. A$11.3 million

(c) the difference between (a) and (b), in order to determine whether the Proposed Transaction is fair

(d) other advantages and disadvantages of the Proposed Transaction from the perspective of OPUS shareholders other than 1010 Group.

Limitations and reliance on information

28 Our opinion is based on the economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

29 Our report is also based upon financial and other information provided by or on behalf of OPUS and COS. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. None of these additional tasks have been undertaken.

30 An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

II Profile of OPUS

Overview

31 OPUS is an Asia-Pacific, technology based (Australian headquartered) printing group, servicing two operational platforms – Publishing Services and Outdoor Media. The Company employs a dynamic technology platform that allows it to produce and distribute published content to suit the timing and scale requirements of a range of increasingly global customers.

32 OPUS was founded in 2007 with the acquisition of Ligare Pty Ltd. Since that date the Company has acquired a number of other entities as summarised below:

OPUS – transaction history

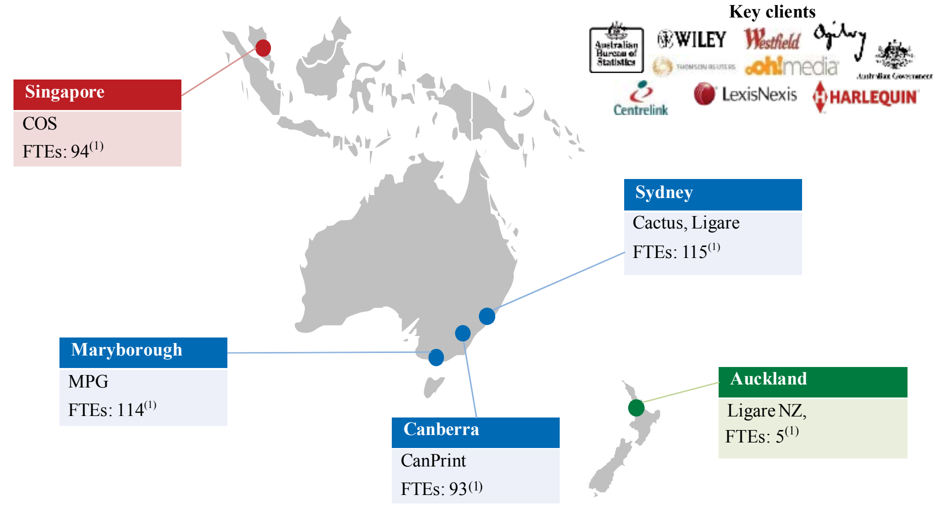
Year	Month	Target
2007	May	• Acquires Ligare Australia
	August	• Acquires Omnigraphics New Zealand(1)
	October	• Ligare Australia acquires Southwood Press
	November	• Acquires Cactus Imaging New Zealand
2008	February	• Acquires Cactus Imaging Australia
2009	February	• Acquires CanPrint, CanMail and Union Offset
2010	February	• Establishes Ligare New Zealand
	February	• Strategic alliance partner in China secured
	March	• Agrees to acquire COS (settled in September)(2)
2011	March	• Two strategic alliance partners in the UK announced
2012	March	• Merger with MPG Printing

Notes:
1 Omnigraphics New Zealand was sold effective October 2015.
2 The proposed sale of COS is the subject of this report.

33 OPUS listed on the ASX on 10 April 2012 following implementation of the merger between the OPUS Group and MPG Printing Limited[6]. An overview of the geography of the operations of the Company is as follows:

6 Prior to the merger, MPG Printing Limited was part of McPherson's Limited.

OPUS – operations



Note:
1 Excludes corporate / information and communications technology (13 employees).
2 FTEs = full time employees.

34 OPUS has significant global capability offering a regional end-to-end value chain through modern facilities in Singapore, Sydney, Maryborough, Canberra and Auckland, with global access through the 1010 Group[7].

Publishing Services

35 The Publishing Services division is responsible for the production, management and distribution of published content including electronic delivery of online material, regional production of professional, educational and trade books, journals, loose leaf publications and manuals. It provides digital and offset printing as well as ancillary business services and communication solutions including digital asset management, content management, back-catalogue fulfilment, direct to consumer distribution and warehousing, variable data and intelligent mailing. The operations are flexible to suit both short and medium run titles with rapid turnaround available for local customers, as well as providing print and fulfil-on-demand services.

36 This division operates with the brands of Ligare in Sydney and Auckland, CanPrint and Union Offset in Canberra, McPherson's Printing in Victoria and C.O.S. Printers in Singapore. The Publishing Services division is integral to the publishing cycle of professional, educational, government and trade publishers.

37 1010 Group's ongoing support allows OPUS to offer print-on-demand and distribute and print services to cross-border customers. The Singaporean operation is also able to fulfil larger and less time sensitive orders, while the Maryborough and Singapore facilities are also capable of

7 The 1010 Group, the major shareholder in OPUS, is an international integrated print management company with printing facilities in China and sales offices and agents in Hong Kong, the United States, the United Kingdom and Europe.

producing medium to long run titles, with Singapore predominantly aimed at export customers.

Outdoor Media

38 The Outdoor Media division is the largest provider of grand and large format printing for outdoor advertising in Australia[8]. The division's production facilities can operate 24 hours a day, seven days a week to rapidly produce nationwide rollouts of advertising campaigns. This involves the creation, production and distribution of outdoor media advertising material and corporate signage, such as billboards, bus advertising, retail displays, building and vehicle wraps and trade exhibitions. The Outdoor Media division also offers a full range of in-house finishing services including joining, rope edging, hemming, eyeleting, sleeve finishing, installation and removal.

39 Outdoor advertising has traditionally been located outdoors, although increasingly it is also located inside high traffic buildings such as shopping centres and airports. The innovative nature of large format printing means the division prints on a wide variety of flexible and rigid materials including vinyl, mesh, paper, canvas, cloth, wood, glass and plastic.

40 OPUS also remains at the forefront of industry development to offer new products and technologies. The Outdoor Media division was the first to offer both recyclable and bio-friendly substrates for mass billboard production in Australasia, and has developed innovative solutions for vehicle graphics, floor graphics and building wraps.

Financial performance

41 We set out below the results of OPUS for the year ended 30 June 2014 (FY14), the six months ended 31 December 2014 (Dec 14)[9] and the year ended 31 December 2015 (FY15):

OPUS – statement of financial performance[(1)]

	FY14 Audited $m	6 months to Dec 14 Audited $m	FY15 Audited $m
Sales revenue	116.9	58.0	115.5
Other income	1.1	0.5	1.4
Operating expenses	(106.1)	(53.0)	(104.9)
EBITDA	11.9	5.5	12.0
Depreciation	(7.1)	(2.9)	(3.7)
EBIT	4.8	2.6	8.3
Significant items	(39.8)	(8.9)	1.7
EBIT after significant items	(35.0)	(6.3)	10.0
Net finance costs	(7.3)	(1.6)	(0.2)
Profit (loss) before tax	(42.3)	(7.9)	9.8
Income tax expense	(4.8)	(0.9)	2.2
Profit (loss) after tax	(47.1)	(8.8)	12.0
Revenue growth	*0.1%*	*(0.8%)*	*(0.4%)*
EBITDA margin	*10.2%*	*9.5%*	*10.4%*

8 The Outdoor Media business in New Zealand was sold effective October 2015.

9 As at 31 December 2014, OPUS changed its financial year-end to 31 December to be consistent with that of 1010 Group, the major shareholder in OPUS.

Note:
1 Rounding differences exist.

42 The significant items reported above comprise:

OPUS – significant items	FY14 Audited $m	6 months to Dec 14 Audited $m	FY15 Audited $m
Impairment of goodwill	(38.1)	(17.1)	
Impairment of investment in associate	(0.2)	-	
Restructuring and redundancy costs	(1.2)	(3.3)	
Debt restructuring costs	(0.3)	(0.2)	
Impairment of property, plant and equipment	-	(12.0)	
Debt forgiveness (net)	-	23.7	
Gain on disposal of Outdoor Media business in New Zealand	-	-	1.7
	(39.8)	(8.9)	1.7

43 The goodwill impairment charge in the Dec 14 period included $10.6 million in respect of COS, the proposed sale of which is the subject of this report. The impairment was based on a conservatively assessed recoverable amount of the investment in COS of $4.8 million (based on the projected underlying future cash flows of the Singapore business).

44 The debt forgiveness in the Dec 14 period arose in connection with the recapitalisation of OPUS in November 2014.

FY14 financial results

45 The financial performance in FY14 was impacted by a continuation of difficult market conditions that had prevailed in the previous year. In addition, customer concerns regarding OPUS' financial position (particularly its then high debt level) adversely impacted the Company's ability to retain and win new work.

46 In particular, in February 2014, OPUS announced that its tender to a major publishing house for book printing in Australia was unsuccessful. This followed the merger of two publishing groups in mid 2013, one of which had been a long-term customer of OPUS. Whilst the loss of this contract had some effect on the second half result for FY14, the main impact was felt in the Dec 14 period and the FY15 year.

47 The goodwill impairment charge recorded in FY14 was the result of a combination of a reduction in earnings generated through the loss of this major customer, as well as the generally difficult trading environment in the publishing services market.

Six months to December 2014

48 The most significant event in the Dec 14 period was the recapitalisation of OPUS, which raised $28.3 million in new capital and was completed in November 2014. Associated with this recapitalisation, OPUS benefited from a (net) debt forgiveness of $23.7 million.

49 Subsequent to the commitment of the relevant parties to the recapitalisation plan in August 2014, OPUS undertook a major staff restructure to re-set the cost base of the business. Funds

raised from the recapitalisation also allowed OPUS to invest in new print technology to support the future growth plans of both operating divisions.

50 Revenue in the Publishing Services division declined by around 9%, attributable to the loss of one large customer account in the prior period when the OPUS business was under financial strain. EBITDA margins also declined, reflective of the competitive market conditions prevailing.

FY15 commentary

51 Revenue for the year was constant (on an annualised basis), with a gain of around 5% in the Publishing Services division being offset by reduced revenue in the Outdoor Media division following the sale of the New Zealand business.

52 Operating margins improved, reflecting in particular the benefits of the restructure of the cost base of the group in the Dec 14 period. However, the gains were partly offset by increases in the cost of paper (in A$) as a result of adverse currency movements over the period[10].

53 The depreciation expense for the year was appreciably lower following the significant impairment charge at December 2014 (the majority of plant and equipment is fully depreciated).

54 The reported profit after tax benefited from the recognition of prior year tax losses and timing differences following a reappraisal of the likelihood of recoupment in the improved profitable business environment.

Financial position

55 OPUS' financial position as at 31 December 2014 and 31 December 2015 is set out below:

OPUS – statement of financial position	31 Dec 14 $m	31 Dec 15 $m
Debtors, prepayments and other assets	17.4	19.5
Inventories	5.4	6.4
Creditors, accruals and provisions	(21.6)	(20.8)
Net working capital	1.2	5.1
Property, plant and equipment	11.3	8.2
Other non-current assets	1.0	1.5
Investments accounted for using the equity method	0.3	-
Deferred tax assets (liabilities)	(0.1)	2.9
Provisions (non current)	(0.6)	(1.4)
Total funds employed	13.1	16.3
Cash and cash equivalents	7.1	11.5
Interest bearing liabilities	(4.0)	(0.2)
Net cash	3.1	11.3
Net assets	16.2	27.6

Rounding differences exist.

10 The majority of paper used in the business is priced in US$.

Net cash

56 The net cash position of OPUS as at 31 December 2014 and 31 December 2015 is shown below:

OPUS – net cash[1]	31 Dec 14 $m	31 Dec 15 $m
Cash and cash equivalents	7.1	11.5
Unsecured promissory note[2]	(1.9)	-
Finance lease liabilities	(2.1)	(0.2)
Net cash	3.1	11.3

Note:
1 Rounding differences exist.
2 The promissory note was issued as part of the recapitalisation in November 2014 and was repaid on 30 January 2015.

Share capital and performance

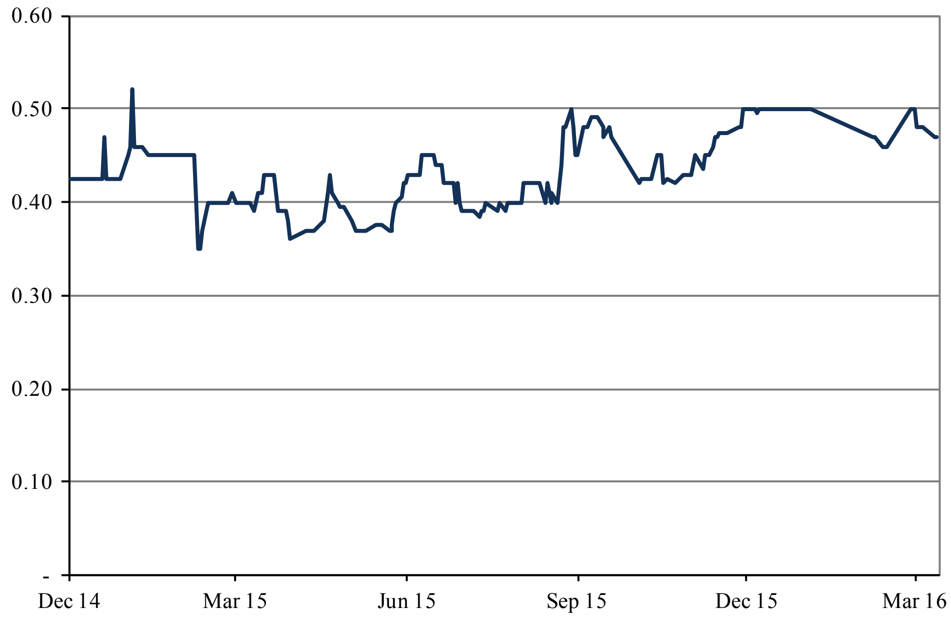
57 As at 31 December 2015, OPUS had 96.4 million fully paid ordinary shares on issue. In addition, there were 20 million options on issue, held by 1010 Group. These options were issued in November 2014 at the time of the recapitalisation of OPUS and are exercisable at a total price of $7.0 million ($0.35 per share) at any time up to and including 30 September 2017.

58 1010 Group and OPUS' Chairman, Mr Celarc (together with their respective associates), are the two largest shareholders in OPUS, holding 61.9% and 12.8% of the shares on issue respectively. In addition, the substantial shareholders in the Company include Knox Investment Partners & its associates (6.5%).

Share price performance

59 The following chart illustrates the movement in the share price of OPUS from 4 December 2014 (subsequent to the effective completion of the recapitalisation of OPUS) to 16 March 2016:

OPUS – share price history
4 December 2014 to 16 March 2016



Source: Bloomberg, LEA analysis.

60 As noted, in recent months shares in OPUS have generally traded within a range of $0.40 per share to $0.50 per share**.**

Liquidity in OPUS shares

61 The level of trading in OPUS shares on the ASX over the 12 month period to 16 March 2016 is set out below:

OPUS – share trading information

	Start date	End date	Value $000	Volume 000	As a % of issued capital(1)
1 month	17 Feb 16	16 Mar 16	140	284	0.29
3 months	17 Dec 15	16 Mar 16	146	296	0.31
6 months	17 Sep 15	16 Mar 16	1,013	2,121	2.20
1 year	17 Mar 15	16 Mar 16	2,216	4,959	5.15

Note:
1 Based on the weighted average number of shares on issue over the relevant period.
Source: Bloomberg, LEA analysis.

62 As indicated above the quantum and value of OPUS shares traded in recent months has been very low, reflecting the three significant shareholdings in the company (which in aggregate comprise around 81% of the shares on issue).

III Profile of COS

Overview

63 The business of the Publishing Services division carried on in Singapore is reported in COS. The company became a member of what is today the OPUS Group following completion of its acquisition in September 2010[11]. COS operates from leased premises which are held under a long term lease arrangement[12], and employs around 94 people.

64 COS was established in 1972 and provides a total print and business services solution to the international publishing industry. The company utilises Singapore's infrastructure and geographical location as a point of distribution to regions such as Europe, USA, Australasia and South East Asia. Key clients of COS are global publishing houses.

Financial performance

65 We set out below the results of COS for FY14, Dec 14[13] and FY15:

COS – statement of financial performance[(1)]

	FY14 Audited S$m	6 months to Dec 14 Audited S$m	FY15 Audited S$m
Sales revenue	15.9	8.6	14.9
Other income	0.5	0.2	0.6
Operating expenses	(12.8)	(6.8)	(12.9)
EBITDA	3.6	2.0	2.6
Depreciation	(1.4)	(0.8)	(0.5)
EBIT	2.2	1.2	2.1
Significant items	1.2	(2.9)	-
EBIT after significant items	3.4	(1.7)	2.1
Interest income (net)	0.7	0.8	0.1
Profit (loss) before tax	4.1	(0.9)	2.2
Income tax expense	(0.3)	0.1	(0.3)
Profit (loss) after tax	3.8	(0.8)	1.9
EBITDA margin	*22.7%*	*23.2%*	*17.4%*

Note:
1 Rounding differences exist.

66 The significant items reported above comprise:

[11] The OPUS Group had previously formed a strategic alliance with COS in 2009.

[12] The premises were previously owned by COS and were subject to a sale and leaseback arrangement in FY13.

[13] As at 31 December 2014, the OPUS Group changed its financial year-end to 31 December to be consistent with that of 1010 Group, the major shareholder in OPUS.

COS – significant items	FY14 Audited S$m	6 months to Dec 14 Audited S$m	FY15 Audited S$m
Net currency translation gains (losses)	1.2	(0.2)	-
Impairment of plant and equipment	-	(2.4)	-
Write off of inventory	-	(0.3)	-
	1.2	(2.9)	-

67 The currency translation gains and losses arose mainly in respect of a loan to a related company which was denominated in A$. The loan was repaid in FY15.

68 As at 31 December 2014, management carried out a review on the recoverable amount of plant and equipment due to both the changing technology and condition of the machines, which indicated that the previous carrying amount may not be recoverable. The recoverable amount arising from this review was arrived at based on the expected level of usage and the technological developments which could impact the economic useful lives and residual values of the assets. The review led to an impairment charge in respect of plant and equipment of S$2.4 million.

69 In addition, during the Dec 14 period, the company carried out a review of the realisable values of inventories which resulted in the write-off of inventory of S$0.3 million.

Commentary on financial results

70 Revenue has gradually declined in recent periods, with FY15 impacted by the loss of a major customer that specialised in the publication of academic journals. Commercial printing services to another major customer also reduced significantly during the year.

71 EBITDA margins also declined over the period reflecting the competitive market conditions prevailing. In addition, reported margins were negatively impacted by a change in product mix, with profit margins for printing academic journals and commercial printing services historically being higher than margins for the printing of books[14].

72 The reported financial performance reflects a number of related party transactions, consistent with COS being part of the overall OPUS Group. We have been advised that these transactions are incurred in the normal course of business and are arm’s length in nature. These transactions include a management charge from the 1010 Group (FY15 S$200,000) for the provision of certain corporate overhead related services, which were levied on a cost recovery basis.

Financial position

73 The financial position of COS as at 31 December 2014 and 31 December 2015 is set out below:

14 The higher margins for printing of academic journals and commercial printing have allowed COS to report profit margins that have historically exceeded those achieved by the Publishing Services division generally.

COS – statement of financial position	31 Dec 14 S$m	31 Dec 15 S$m
Debtors, prepayments and other assets	4.3	3.5
Inventories	0.6	1.2
Creditors, accruals and provisions	(3.8)	(2.5)
Net working capital	1.1	2.2
Plant and equipment	0.8	0.8
Other non-current assets	1.1	0.9
Loan to related company(1)	2.9	-
Deferred tax liabilities	(0.1)	(0.1)
Total funds employed	5.8	3.8
Cash and cash equivalents	1.5	2.9
Interest bearing liabilities	(0.1)	-
Net cash	1.4	2.9
Net assets	7.2	6.7

Note:
1 The loan to a related party was repaid in FY15.

Plant and equipment

74 In recent years, the previous financial constraints within the OPUS Group prevented required investment in plant and equipment[15]. For FY16, capital expenditure for COS of A$1.8 million is planned in relation to:

(a) a new digital printing press to maintain the technological capabilities within the business and to meet customer requirements

(b) a new offset printing press and binding machine to develop the book printing business of COS[16].

Other asset

75 During FY13, the company disposed of its leasehold factory building and subsequently leased it back, including the land it resides on, under an operating lease arrangement. An upfront payment of S$1.5 million relating to the rental of the land was made, as required by the agreement. This amount (of which a balance of S$1.1 million remained as at 31 December 2015[17]) is being amortised over the 10 year lease term.

76 We have been advised that for the purpose of meeting the minimum net tangible assets at completion requirement, the parties regard this prepayment as a tangible asset.

15 Most of the printing machines in COS were acquired before 2007 and were the subject of a significant impairment charge in December 2014.

16 With the support of the 1010 Group, COS is seeking to increase revenues in FY16 through growth in the book printing business.

17 The remaining balance of S$1.1 million as at 31 December 2015 includes S$0.2 million classified as a current asset.

Net cash

77 The net cash position of COS as at 31 December 2014 and 31 December 2015 is shown below:

COS – net cash	31 Dec 14 S$m	31 Dec 15 S$m
Cash and cash equivalents	1.5	2.9
Finance lease liabilities	(0.1)	-
Net cash	1.4	2.9

78 We have been advised that working capital and associated cash balances fluctuate throughout the year, with credit terms granted to customers generally exceeding those available from suppliers. In particular, the purchase of paper from overseas does not attract any supplier credit terms.

IV Valuation of COS

Valuation approaches

79 ASIC Regulatory Guide 111 – Content of expert reports (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

(a) the discounted cash flow (DCF) methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Methodologies selected

80 The market value of COS has been assessed by aggregating the market value of the business operations, together with the realisable value of any surplus assets including cash.

81 The valuation of the business has been made on the basis of market value as a going concern. The primary valuation method used to value the business has been the capitalisation of EBITDA approach. Under this method the value of the business is represented by its core underlying EBITDA capitalised at a rate (or multiple) reflecting the risks inherent in those earnings.

82 We have adopted this method for several reasons including:

(a) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken[18]

(b) transaction evidence in the sector is generally expressed in terms of EBITDA multiples.

83 In assessing the value of the business operations in respect of capital intensive businesses such as printing companies we would also generally adopt the capitalisation of EBIT as a primary valuation method, as EBIT makes specific allowance for asset replacement costs by way of an annual depreciation charge. However, due to the level of under-investment in plant and equipment in recent years, together with the significant impairment charge raised at

[18] We note that COS (as part of the OPUS Group) prepares cash flow projections for financial reporting / impairment testing purposes. However, the objective of impairment tests is to opine on whether the carrying values of assets are appropriate rather than to assess the market value of the entity.

December 2014, in the case of COS we do not have a reliable reference point regarding an annual depreciation charge to adopt for valuation purposes. We have therefore considered the implied EBIT multiple based on our assessed enterprise value of COS by way of a valuation cross-check.

84 As a further valuation cross-check we have also considered the level of goodwill (intangible) value implied from our assessed enterprise value.

Assessment of EBITDA

85 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to the historical and forecast results of the COS business, and have discussed the financial performance, operating environment and prospects with COS (OPUS) management. A summary of the recent financial performance of the business for the three reporting periods ended FY15 is set out in Section III of our report.

86 In summary, reflecting in particular the competitive market conditions prevailing, the business has suffered both a decline in revenues and in operating margins. Whilst management is hopeful that the planned investment in plant and equipment will lead to an improvement in business performance, we note that:

(a) the investment in new equipment is of a sustaining rather than growth capital nature

(b) potential growth is targeted at the lower margin book printing part of the business.

87 Based on the above, for valuation purposes, we have assessed EBITDA at S$2.75 million.

EBITDA multiple

88 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

Factors impacting on the appropriate earnings multiple

- The stability and quality of earnings
- The quality of the management and the likely continuity of management
- The nature and size of the business
- The spread and financial standing of customers
- The financial structure of the company and gearing level
- The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors
- The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors
- The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc.
- The cyclical nature of the industry
- Expected changes in interest rates
- The asset backing of the underlying business of the company and the quality of the assets
- The extent to which a premium for control is appropriate
- Whether the assessment is consistent with historical and prospective earnings

89 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for COS.

Listed company multiples

90 There are a number of listed companies operating both in Australasia and globally that provide printing or print related services[19]. We have reviewed the activities undertaken by these companies and for comparative analysis purposes have excluded those companies whose operations are significantly greater than OPUS / COS and/or whose activities comprise a reasonable component of non-printing related services. The EBITDA (and EBIT[20]) multiples for those listed companies operating in the printing sector considered comparable for valuation purposes are set out below:

Listed company multiples					
	Enterprise value(1) A$m	**EBITDA multiple Historical(2) FY15 (x)**	**EBITDA multiple Forecast(3) FY16 (x)**	**EBIT multiple Historical(2) FY15 (x)**	**EBIT multiple Forecast(3) FY16 (x)**
IVE Group	207	6.7	4.8	11.9	6.4
PMP	160	2.8	3.0	6.0	6.0
1010 Printing Group	130	3.1	na	4.0	na
OPUS Group	34	3.0	na	4.5	na
Mean		3.9	3.9	6.6	6.2
Median		3.0	3.9	5.3	6.2

Note:
1 Enterprise value and earnings multiples calculated as at 26 February 2016. Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, net pension liabilities, market capitalisation adjusted for material option dilution and excludes surplus assets.
2 Historical earnings are based on latest statutory full year accounts and exclude non-recurring items, significant write downs, realised investment gains or losses and restructuring charges.
3 Forecast earnings are based on Bloomberg broker average forecasts.
Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements, LEA Analysis. na - not available.

91 In relation to the above we note that:

(a) the above multiples are based on the listed market share price (and therefore exclude a premium for control). Empirical research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBITDA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company

(b) whilst arguably PMP is the most comparable company to COS, it is a significantly larger enterprise than COS. Generally large companies trade on higher multiples than small companies, provided other variables (e.g. forecast growth rates) are similar

(c) COS forms part of the Publishing Services division of OPUS, which in turn is a (partly owned) subsidiary of 1010 Group. We would generally expect divisions and subsidiaries to trade on lower multiples than the group of which they are a component part.

19 Brief descriptions of each company's activities are summarised in Appendix C.
20 Earnings before interest and tax.

Transaction evidence

92 There has been little recent publically available evidence in respect of transactions in the printing sector. Transaction evidence in the Australian and New Zealand printing sector in respect of transactions that occurred several years ago, which is generally expressed in terms of EBITDA multiples, is summarised below:

Australasian transaction multiples

				EBITDA multiple[3]	
Date[1]	**Target**	**Acquirer**	**Consideration[2]**	**Historical**	**Forecast**
2007-11	Various businesses	OPUS	A$100m	na	4.2-5.6[4]
Jan 07	Promentum	GEON Group Australia	A$166m	8.0	6.6
Dec 06	Blue Star Print Group	CHAMP Private Equity	NZ$385m	5.9	na
Apr 06	Scanlon & Octane	Promentum Limited	A$18m	na	4.2
Nov 05	Pacific Print Group	Gresham Private Equity	-[5]	6.2	4.9
Dec 04	PMP sheet fed operations	Promentum Limited	A$30.6m	4.9[6]	na
Apr 04	Pongrass Communications	Penfold Buscombe	A$7.5m	2.7	na

Note:
1 Announcement date.
2 Enterprise value.
3 The historical and forecast EBITDA multiples are based on information contained in stock exchange announcements, IERs and media reports. The forecast multiples are also based on average broker forecasts around the time of the transaction (sourced from Reuters) and/or company forecasts contained in stock exchange announcements.
4 It should be noted that most acquisitions were implemented towards the lower end of the above multiple range.
5 We have been asked not to disclose the actual consideration paid in connection with this transaction.
6 Based on pro-forma EBITDA.
na – not available.

93 The above transaction multiples are based on the prices paid for 100% ownership of the target companies and therefore implicitly incorporate a (takeover) control premium.

Conclusion on appropriate EBITDA multiples

94 Having regard to the above, we have adopted EBITDA multiples of 3.75 to 4.0 when valuing COS. This range includes a premium for control.

Enterprise value of COS

95 On this basis the value of the COS business is as follows:

Value of COS business

	Low S$m	**High S$m**
Maintainable EBITDA	2.75	2.75
EBITDA multiple (x)	3.75	4.0
Enterprise value	10.3	11.0

Cross-check to implied goodwill

96 We have cross-checked our assessed enterprise value of COS above by considering the goodwill (intangible) value implicit in our assessed business value.

97 In this regard, we have adopted net operating assets of COS of S$5.7 million, calculated as follows:

Net operating assets	
	S$m
Net assets as at 31 December 2015	6.7
Cash surplus to business requirements (paragraph 106)	(1.0)
Net operating assets	5.7

98 The implied goodwill based on our assessed enterprise value above is therefore in the range of S$4.6 million to S$5.3 million, calculated as follows:

Implied goodwill		
	Low S$m	**High S$m**
Assessed enterprise value	10.3	11.0
Net operating assets	(5.7)	(5.7)
Implied goodwill	4.6	5.3
% of enterprise value	*44.3%*	*47.8%*

99 Having regard to the inherent capital intensive nature of the COS business, the size of operations and its recent earnings performance, we consider the implied level of goodwill in our assessed enterprise value above to be towards the high end of a range we consider a willing purchaser would be prepared to pay.

Cross-check to implied EBIT multiple

100 As noted above, we did not adopt the capitalisation of EBIT as a primary valuation approach due to the absence of a reliable reference point to determine an annual depreciation charge.

101 For the purpose of calculating the implied EBIT multiple based on our assessed enterprise value, we have adopted depreciation equivalent to our estimate of the annual level of capital expenditure required to sustain the business operations. Based on an assumed annual depreciation charge of S$0.9 million, we have adopted EBIT for valuation cross-check purposes of S$1.85 million, calculated as follows:

Adopted EBIT	
	S$m
EBITDA adopted for valuation purposes	2.75
Depreciation	(0.90)
EBIT adopted for valuation purposes	1.85

102 Our assessed enterprise value of the COS business above therefore implies an EBIT multiple in the range of 5.6 times to 5.9 times, calculated as follows:

Implied EBIT multiple	Low S$m	High S$m
Assessed enterprise value	10.3	11.0
EBIT adopted for valuation purposes	1.85	1.85
Implied EBIT multiple	5.6x	5.9x

103 Having regard to the nature and size of the COS business, together with the relevant trading multiples set out in paragraph 90 above, we consider the implied EBIT multiples based on our assessed enterprise value to be above an appropriate range for COS.

Summary

104 Given the result of our goodwill and implied EBIT multiple valuation cross-checks, for the purpose of our report we have adopted an enterprise value for COS in the range of S$10.25 million to S$10.75 million.

Net cash

105 As set out in Section III of our report, as at 31 December 2015, COS held net cash of S$2.9 million. For valuation purposes we have had regard to:

(a) the planned investment in FY16 in plant and equipment to sustain the productive capacity of the business

(b) the working capital requirements of the business and the extent to which these fluctuate based on customer and supplier trading terms.

106 Based on the above we have assessed net cash of S$1.0 million as surplus to business requirements.

Value of equity in COS

107 We have therefore assessed the value of the equity in COS in the range of S$11.25 million to S$11.75 million, as shown below:

Value of equity in COS (S$)	Low S$m	High S$m
Enterprise value	10.25	10.75
Net cash	1.0	1.0
Value of the equity in COS	11.25	11.75

108 Pursuant to the Proposed Transaction, the consideration to be paid for the equity in COS is expressed in A$. Our assessed value of the equity in COS in A$ is shown below:

Value of equity in COS (A$)	Low A$m	High A$m
Assessed value in S$	11.25	11.75
Exchange rate[1] A$1.00 = S$	1.03	1.03
Assessed value in A$	10.9	11.4

Note:
1 Exchange rate as at 16 March 2016.

V Evaluation of the Proposed Transaction

Summary of opinion

109 In LEA's opinion the Proposed Transaction is fair and reasonable to the shareholders of OPUS other than 1010 Group. We have arrived at this conclusion for the reasons set out below.

Assessment of fairness

110 Pursuant to Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 - *Content of expert reports* (RG 111), the Proposed Transaction is "fair" if:

"... the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer."

111 This comparison is shown below:

Comparison of consideration and value of COS	Low A$m	High A$m	Mid-point A$m
Value of consideration	11.3	11.3	11.3
Value of 100% of COS	10.9	11.4	11.2
Extent to which the consideration exceeds the value of COS	0.4	(0.1)	0.1

112 As the consideration offered by 1010 Group is within the range of our assessed value of 100% of COS, in our opinion, the Proposed Transaction is fair.

Assessment of reasonableness

113 Pursuant to RG 111, the Proposed Transaction is reasonable if it is fair. Consequently we have concluded that the Proposed Transaction is both fair and reasonable.

Other matters

Carrying value of investment

114 As noted in Section II, as at December 2014, the value of COS within the OPUS Group was significantly impaired for financial reporting purposes. Based on a conservative assessment of the net present value of the projected future cash flows of the COS business, the OPUS directors adopted a carrying value for COS of A$4.8 million.

115 The consideration of A$11.3 million payable under the Proposed Transaction therefore reflects a premium of A$6.5 million (135%) over the directors' December 2014 valuation.

Potential capital management benefit

116 As at 31 December 2015, OPUS reported a net cash position of A$11.3 million[21], together with a positive working capital position. Prima facie therefore, the consideration of A$11.3 million to be received from the sale of COS is surplus to the current financing requirements of the OPUS Group.

21 Net cash of A$11.3 million is stated prior to allowance for the proposed final dividend for FY15 totalling A$1.9 million (2 cents per share).

117 In the circumstances, there is potential for OPUS to consider capital management initiatives likely to be beneficial to all OPUS shareholders[22]. In this regard, we note that OPUS has available franking credits of around A$23.8 million.

Reduction in size of OPUS business

118 Whilst the sale of a Singapore based business may be beneficial in terms of allowing OPUS management to focus totally on the Australasian businesses, the Proposed Transaction does have the effect of reducing the size of the OPUS Group by around 13% (based on reported FY15 revenues). Such a reduction in size would generally have negative implications for shareholders, given investor interest in companies generally declines as companies reduce in size (and vice-versa).

119 However, given the size of the OPUS Group, together with the implied low level of market liquidity due to the three significant shareholder interests, we would not expect any significant adverse implications in this instance.

120 Furthermore, we note that the Proposed Transaction implies an EBITDA multiple for COS of 4.1 times[23] which is significantly above the implied EBITDA multiple of around 3.0 times which sharemarket investors have recently attributed to OPUS. In the circumstances we would expect the Proposed Transaction to be value accretive to OPUS shareholders.

[22] We have not discussed this potential with OPUS management and there have been no public statements made by OPUS in this regard.

[23] Based on reported FY15 EBITDA for COS of S$2.6 million.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The *Corporations Act 2001* (Cth) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Notice of Meeting and Explanatory Notes to be sent to OPUS shareholders in connection with the Proposed Transaction.

4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5 Our Australian financial services licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $35,000 plus GST.

9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the *Corporations Act 2001* (Cth). LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.

2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 22 years and 28 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Independent Directors of OPUS to accompany the Notice of Meeting and Explanatory Notes to be sent to OPUS shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable to OPUS shareholders not associated with 1010 Group.

Interests

4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Proposed Transaction. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

6 As a condition of LEA's agreement to prepare this report, OPUS agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of OPUS or COS which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in the Notice of Meeting.

Listed company descriptions

Companies assessed as comparable

IVE Group Limited

8 IVE Group is an integrated marketing and print communications provider based in Australia. It provides creative services across multiple channels (e.g. traditional, digital and mobile platforms) including personalised communications, print production, retail display, promotional merchandising, third party sourcing, logistics and fulfilment and managed solutions. The company operates across three divisions including IVEO, Bluestar Group and Kalido and services a diverse range of customers.

PMP Limited

9 PMP is the largest commercial printer in Australia and New Zealand. The principal activities of the company comprise commercial printing, letterbox delivery, digital pre-media and magazine distribution services. PMP is structured into three main areas: PMP Australia, PMP New Zealand and Gordon and Gotch. Its print production plants are located strategically in major capital cities and offer web offset printing, with the New Zealand business also offering sheetfed offset printing. The group also offers book manufacturing from its printing plant located in Adelaide.

1010 Printing Group

10 Founded in 2005, 1010 Group was established by a management team with substantial experience in the international book printing market. The company is engaged in providing printing services to international book publishers, trade, professional and educational conglomerates and print media companies. 1010 Group essentially services global clients, with its printing manufacturing operations based in China. Its printed products primarily comprise illustrated leisure and lifestyle books, educational text books, learning materials and children's books.

Companies assessed as not comparable

CSG Limited

11 CSG is a leading technology as a service provider in Australia and New Zealand, supported by an in house equipment financing business. The company is the largest non-manufacturer of print and business technology solutions in both Australia and New Zealand, and has a national sales and service footprint in both countries. CSG services more than 20,000 customers ranging from small-to-medium enterprises, through to large corporate, government and commercial clients.

Wellcom Group Limited

12 Wellcom is an Australian production and content management company. It offers its clients a range of services including graphic design and cross-media adaptations, 3D and 2D illustrations, photography and creative retouching, online and digital services, video and animation, pre-media, image and asset libraries, and online workflow processes. Wellcom offers its pre-media and data management services in Australia, UK, New Zealand and Asia.

Appendix C

Salmat Limited

13 Salmat is a full-service marketing and communications company. The company is organised into four service lines including media, contact, digital and local. In addition the company facilitates client communication via a range of communication channel options, including voice, online, print, electronic and mobile. The company is headquartered in Sydney and employs some 4,000 staff across Australia, New Zealand, North America and the Philippines.

RR Donnelley & Sons Company

14 RR Donnelley & Sons is a global commercial printing and information services organisation. The company is headquartered in Chicago (United States) and employs more than 65,000 staff around the world. Its solutions include commercial printing, direct mail, financial printing, print fulfilment, labels, forms, logistics, call centres, transactional print-and-mail, print management, online services, digital photography, colour services as well as content and database management.

Transcontinental Inc

15 Transcontinental is Canada's largest printing company and the third largest in North America. Its operations include print, flexible packaging, publishing and digital media. The company's operations can be separated into three sectors including Transcontinental Printing, Transcontinental Packaging and Transcontinental Media. In 2014, printing and packaging accounted for 68% of revenue while media accounted for 32%. The company is headquartered in Montreal and employs over 8,000 staff.

St Ives Plc

16 St Ives is a group of companies that combines capabilities to deliver a diverse range of marketing solutions and book printing services in the United Kingdom, North America, China and Singapore. The company offers digital and mobile solutions, data analysis, research, production services, marketing and printing services through the company's five business divisions (data, consulting, digital, marketing activation and books). The company also has experience in the retail, publishing and commercial markets and employs more than 3,000 people worldwide.

Communisis Plc

17 Communisis is one of Europe's leading providers of personalised customer communication and marketing services. The company assists customers plan, create and deliver their marketing communications both in print and through electronic channels. Communisis offers over 100 individual customer communication disciplines from creative services, web production and social network marketing to data intelligence, transactional digital printing and digital asset management. The company is headquartered in the United Kingdom and employs around 2,200 staff.

Appendix D

Glossary

Abbreviation	Definition
ASX	Australian Securities Exchange
1010 Group	1010 Printing Group Ltd
COS	C.O.S. Printing Services Pte Ltd
DCF	Discounted cash flow
Dec 14	The six month period ended 31 December 2014
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation of acquired intangibles
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
IER	Independent expert's report
LEA	Lonergan Edwards & Associates Limited
OPUS	OPUS Group Limited
Proposed Transaction	The sale of COS to 1010 Group by OPUS for cash consideration of A$11.3 million

CONTENT FASTER SMARTER

All Correspondence to:

By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

By Fax: +61 2 9290 9655

Online: www.boardroomlimited.com.au

By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am AEST on Saturday 7th May 2016.**

TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/opusgroupagm2016

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

.

BY SMARTPHONE

Scan QR Code using smartphone QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Company securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am AEST on Saturday 7th May 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

Online	www.votingonline.com.au/opusgroupagm2016
By Fax	+ 61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Level 12, 225 George Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

OPUS Group Limited
ACN 006 162 876

☐ **Your Address**
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **OPUS Group Limited** (Company) and entitled to attend and vote hereby appoint:

☐ the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **12 Rachael Close, Silverwater NSW 2128 on Monday, 9th May, 2016 at 10:30am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Item 2, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Item even though Item 2 is connected with the remuneration of a member of the key management personnel of the Company.

The Chair of the Meeting intends to vote all undirected proxies in favour of all Items of business (including Item 2). In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Item 2	Remuneration Report	☐	☐	☐
Item 3	Re-election of Director – Mr. Paul Young	☐	☐	☐
Item 4	Proposed Sale of Singapore Division to 1010 Group	☐	☐	☐

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…………………………………………….... Contact Daytime Telephone……………………….............................. Date / / 2016

/OPUS* GROUP ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2015

OPUS GROUP

CONTENT FASTER SMARTER

OPUS GROUP LIMITED
AND CONTROLLED ENTITIES
A.C.N. 006 162 876

Company Directory

DIRECTORS

Richard F. Celarc Chairman / Executive Director
Chuk Kin Lau Executive Director
Mei Lan Lam Executive Director
Paul A. Young Non-Executive Director

COMPANY SECRETARIES

Laura Lou
Virginia Lee

REGISTERED OFFICE AND POSTAL ADDRESS

12 Rachael Close, Silverwater NSW 2128

CONTACT NUMBERS

Telephone: (02) 9584 7680
Facsimile: (02) 9648 5887

AUDITORS

BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney NSW 2000

SHARE REGISTRY

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW 2000
GPO Box 3993
Sydney, NSW 2001
Telephone: 1300 737 760 / (02) 9290 9600

BANKERS

Australia and New Zealand Banking Group Limited
242 Pitt Street, Sydney NSW 2000

SOLICITORS

Thomson Geer
Level 25, 1 O'Connell Street, Sydney NSW 2000

STOCK EXCHANGE

Listed on the Australian Securities Exchange ('ASX')

ASX CODE

OPG (Fully Paid Ordinary Shares)

E-MAIL

info@opusgroup.com.au

WEBSITE

www.opusgroup.com.au

OPUS GROUP


SINGAPORE
COS
SYDNEY
Ligare
Cactus Imaging
CANBERRA
Can print Communications Pty Ltd
Canberra Mailing & Envelopes
Union Offset Printers
MELBOURNE
McPHERSON'S PRINTING GROUP
AUCKLAND
Ligare


All your print and supply
chain needs under
DESIGN
PRINT
MAIL
WAREHOUSE
DIGITAL

INDEX

NCI 2016 Annual Report

OPUS has designed, typeset, printed and digitally published the report for a second year.

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

On behalf of the OPUS Group Board, I am delighted to present our Annual Report for the full year ended 31 December 2015.

2015 was a year that allowed us to build on the financial restructure we put in place in 2014. Whilst 2014 was a very busy period implementing what we did, 2015 was the year that we put it all into action.

In 2015 we delivered what I believe to be a strong result and one that leveraged our relationship with 1010 Printing Group (1010). As I have mentioned previously, we see 1010 as one of the world's most progressive and forward looking printing businesses. In conjunction with 1010, we have world class printing facilities in China, Singapore, New Zealand and Australia with sales offices and agents in Hong Kong, the United States, United Kingdom and Europe in addition to Australasia.

It is very pleasing to report that all of our plans for 2015 have been executed on time and to budget which has laid the foundations for continued success in 2016.

As Executive Chairman, I can also report that our goal to return to a much more hands on business has been achieved and we are strongly engaged now with our major customers and supplier partners to deliver sustainable benefits, centred on speed and efficiencies.

We have made selective Capex investments that will deliver on our promise of improved speed to market delivered more efficiently, therefore offering both delivery and cost saving benefits. A good example of this has been the purchase of the assets of Protectaprint (PAP). PAP is a leading embellishment company who specialise in producing world class cover finishes for our trade and related books.

We have integrated PAP into our business, effectively bringing in-house the full spectrum of cover finish production. Having this capability under one roof creates major productivity improvements and again leads to improved speed and pricing.

We have also worked hard and focused on the niches our various businesses operate in. We have strong brands, each a leader in their segments. By working closely with each business and staying close to our customers we are focusing on our strengths and delivering improved customer and business outcomes.

We are also working much more closely with our operations team to ensure we release latent capacity. In short, as we increase revenue, we will do this without increasing overheads or direct costs proportionately. Our improved IT and Production systems will allow us to flex labour utilising the equipment we have in smarter shift patterns.

We are also working closely with our IT and systems teams to deliver significantly improved auto and semi-auto ordering systems for our major customers. Yet another way to reduce both parties costs and improve our speed of turnaround.

I called 2014 our transformative year, 2015 has been our year to set firmly in place the foundations for us to deliver ongoing benefits to shareholders and customers and importantly, set the scene for a sustainable business.

Thank you for your support so far and I look forward to reporting our six months results mid-year which I believe will show further improvements and proof our business model can and will deliver on our strategy.

Yours faithfully

Richard F. Celarc
Chairman

OPUS BUSINESS MODEL

The Board presents the Operating and Financial Review for the year ended 31 December 2015, which has been designed to provide the shareholders with a clear and concise overview of OPUS Group's operations, financial position, business strategies and prospects. The review also provides contextual information, including the impact of key events that have occurred during the year and material business risks faced by the business so that shareholders can make an informed assessment of the results and prospects of OPUS Group. The review complements the financial report. OPUS Group has changed its year end to 31 December to align with the financial year end of its ultimate holding company in 2014. As a result, the comparative figure of the financial statements is prepared for the six months ended 31 December 2014.

Our Business Model

OPUS Group is an Asia-Pacific, technology based (Australian headquartered) printing group, servicing two operational platforms – Publishing Services and Outdoor Media. Employing a dynamic technology platform, the OPUS Group produces and distributes published content at the speed and scale required by a range of increasingly global customers.

The OPUS Group offering includes a regional end-to-end value chain with facilities in Singapore, Sydney, Maryborough, Canberra and Auckland with global access through 1010 Printing Group Limited ("1010 Group"), a substantial shareholder of OPUS Group. 1010 Group is an international integrated print management company with printing facilities in China and sales offices and agents in Hong Kong, United States, the United Kingdom and Europe. OPUS's innovative regional solutions enable it to handle business services and technology-led communications solutions for Asia Pacific. The regional solution allows customers to select the optimal content solution based on product type, run length, timing, location, security and fulfilment.

OPUS Group's competitive advantage is to combine the three strengths of specialisation, speed and scale. OPUS Group provides full service capability for specialist markets based on factors such as quality, technical capability, specialised equipment, unique expertise and high value add services. OPUS Group is a leader in short run, time sensitive printing and business services. OPUS Group is aligned to meet clients' needs on speed through new digital technology. OPUS Group is uniquely positioned to deliver a range of complementary products and business services across multiple regions.

OPUS Group's vision is to be the partner of choice to produce and deliver published content faster and smarter via an integrated full service end-to-end value chain.

OUR OPERATIONS & DIVISIONS

Publishing Services Division

The Publishing Services Division is responsible for the production, management and distribution of printed and digital content for professional, educational, read for pleasure, Government and many of the world's largest publishers.

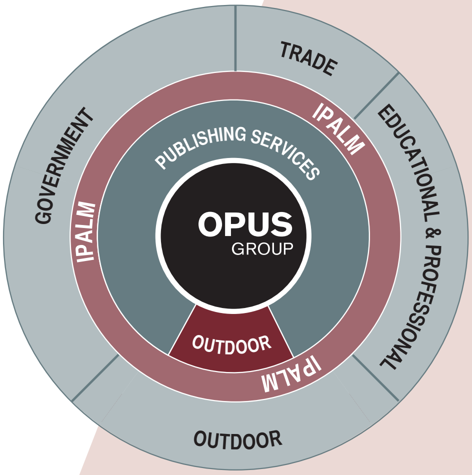
With facilities operating in Singapore, Sydney, Canberra, Maryborough and Auckland, the Publishing Services Division offer spans the electronic, digital and offset book production spectrum with a suite of complementary business services including Print on Demand, back catalogue fulfilment, content and digital asset management, direct to consumer distribution, virtual warehousing, web storefront and EDI and mailing.

Customers in the Publishing Services Division can access multiple content and service delivery options across traditional print, digital print-on-demand, distribute & print and online electronic delivery.

Outdoor Media Division

The Outdoor Media Division is the largest provider of grand and large format printing for outdoor advertising and is a leading production house in Australia.

This involves the creation, production and distribution of outdoor media advertising material and corporate signage, such as billboards, bus advertising, retail displays, building and vehicle wraps and trade exhibitions using a wide variety of flexible and rigid materials and offering a full range of in-house finishing.



The Outdoor Media Division remains at the forefront of industry development for new and exciting products and technologies and is a member of the Hewlett Packard global advisory board on technology and innovation.

Opus Group sold its Outdoor Media Business in New Zealand in October 2015.

CHIEF EXECUTIVE OFFICER'S REPORT

As our Executive Chairman has outlined, we have reported a solid year in terms of performance. This has been delivered by a strong focus on our business fundamentals now that we are debt free and supported by the 1010 Printing Group (1010). Each business in the Group is a leader in their market and we have worked hard to ensure their strengths are reinforced as we return to our core values.

The Group 2015 revenue was slightly down on the June 2014 full year: December 2015 $115,465,000 compared to June 2014* $116,873,000, primarily due to the divestment of our New Zealand outdoor media business, Omnigraphics in October 2015.

Pleasingly the work done on adding value with customers, leveraging 1010's strengths alongside the disciplines of cost management, resulted in an improved profit after tax of $12,047,000 compared to June 2014 of $47,073,000 loss.

From a market perspective, our customers are demanding increased speed to market and price. This continues to be a key element of our strategic and operational initiatives.

With 1010's support, we are selectively investing and as I have detailed under the divisional reports, this investment is primarily centred on digital production and finishing. The key criteria remains to produce faster and to do so more efficiently to ensure we remain competitive.

I will briefly update you on our two core divisions:

Publishing Services Division

Our three businesses in Australia, McPherson's, Ligare and CanPrint and our Singapore business, COS that make up the Publishing Services Division have performed well.

The publishing market we operate in has seen a return to printed books both in the read for pleasure sector and in part, the Education market.

Whilst e-books remain in the mix, the dire predictions for the read-for-pleasure market of a few years ago did not materialise. Depending on the genre, eBooks as a percentage of revenue in this market has stabilised or are in slight decline.

The overall supply chain continues to evolve with customers taking advantage of new technology that can produce faster whilst also reducing stock holding and associated costs.

For us, the change in the customer supply chain is working towards our model. Our strategy has been to deliver faster and do so more efficiently expand our competitive edge. This is now crossing over with market demand – books ordered much later, in lower quantities and then ordered again to demand.

Our Capex plan is to invest in equipment and solutions that achieve improved speed, efficiencies and input costs. From a Publishing Division perspective, we have invested in a series of upgrades to our substantial T410 Hewlett Packard state of the art inkjet digital integrated printing line.

This line, the first solution in the Southern Hemisphere of its kind (see photo on page 12 of this report), is scaleable for upgrades to speed, colour and finishing.

The upgrade Capex will see the machine achieve outputs not previously envisaged with the total production done in-line i.e. from paper to finished and bound product without any human touch.

There has also been a substantial investment in our Sydney facility with the commissioning of a colour inkjet production line. This latest digital technology is ideal for the educational market and able to produce efficient colour print without the set up costs associated with traditional colour printing, especially on lower run sizes the market is now requiring.

**Note we changed reporting periods from Financial to Calendar year in 2015.*

As Richard has mentioned, another important investment has been to bring in-house all aspects for the production of book cover finishing. This will enable all production to be completed in house for books, delivering on our strategy of speed and efficiency.

Outdoor Media Division

The sale of our New Zealand outdoor media business, Omnigraphics concluded in October 2015 as outlined at the time.

Cactus Imaging in Australia continues to grow. Recently, we have invested in the latest HP3500 digital latex print device. This investment will allow further diversification into the transit and retail markets, using an extremely productive and eco-friendly solution.

The outdoor media sector continues to grow and whilst digital signage is the fastest growing platform in the sector, traditional print is being maintained with a medium term view that this will change out more frequently on the back of the faster content change created by digital.

2016 Outlook

There is good momentum in our business as we focus on our niche sectors, value-add and strengths. Market conditions remain uncertain with continued pressure on margins and input costs; however we believe that in conjunction with 1010 and leveraging the benefits of that relationship that we will be able to continue to deliver strong and improved results.

Yours faithfully

Clifford D.J. Brigstocke
Chief Executive Officer

KEY STRATEGIES

Value chain management

The additional resources available from 1010 Group have strengthened OPUS Group's procurement efficiency. Having these economies of scale is a key success factor in our industry. The combined procurement budget enables the expanded group to be one of the largest in the industry. This will translate to a cost saving for OPUS Group. The combined extensive network in the printing industry enables OPUS Group to have a strong back up and great flexibility on the services offering to its customers.

Operations efficiency

To assimilate and streamline the internal process among all the facilities, the OPUS Group ICT team is working to enhance the ERP system and standardise some operating systems. This enables management to efficiently align and allocate resources amongst different facilities and better support the growing need for regional distribution and print solutions. The speed in execution and access to data is vital for success.

KEY STRATEGIES cont.

Technology upgrade

OPUS Group continues to upgrade its technology to increase its competitive edge. OPUS Group will continue its investment in new printing technology and solutions. OPUS' non-traditional print elements and a growing range of products and services form part of OPUS Group's comprehensive offer to help publishers meet the changes currently taking place in their supply chain. OPUS Group Digital leverages off its internet trading and data exchange technology platform, providing an online content management and distribution system that also integrates with customers and with our digital printing equipment.

OPUS Group Digital is the mechanism by which OPUS Group's strategic prospects and its value chain extension strategy meet. The digital strategy for OPUS Group encompasses a distribution system to produce and supply products to consumers, with agility to respond quickly to change and lead our customers in this dynamic environment, across all aspects of our business.

Operational and strategic focus

Following the successful capital restructure and cost base reset in 2014, OPUS Group is continually reviewing the market it operates in and resource allocation to ensure that operations are delivered in the most cost effective mode. Management will continue to improve its cost structure and focus on markets with more opportunity for growth and scale in order to maximise shareholders' wealth.

BUSINESS PROSPECTS, OPPORTUNITIES AND RISKS

Having gone through a successful capital restructuring and comprehensive review of the existing facilities and cost base reset, OPUS Group returned to profit in 2015. OPUS Group managed to retain key managers and customers after its cost base reset. The majority of capital reinvestment is now being directed towards new digital equipment to improve turnaround times and productivity to enhance our competitiveness. OPUS Group expects to increase its sales revenue in the coming financial year.

The Board is cautious about the risks which may impact the future financial performance of OPUS Group when looking for opportunities in the markets. The opportunities, risks and the business prospects as a result of execution of the Board's strategy are discussed below:

Digital influence

The slow growth in the size of the publishing market and the threat of digital transformation is notable. The latest data shows printed books and e-books can co-exist. In parallel with this and to offset any decline in print related products, OPUS has been steadily building its range of non-print products and services as part of the comprehensive solution offer. Known as OPUS Digital this includes but is not limited to micro-warehousing, fulfilment offers, e-book conversions, database mailing, web shop front development and management, subscription and EDM marketing services, both physical and online.

OPUS Group intends to leverage the new technologies to be a leaner and more efficient manufacturer of print related products. These include non-traditional print elements and a growing range of products and services as part of OPUS Group's comprehensive offer to help publishers meet the changes currently taking place in their supply chain.

Reduced print run sizes with increased order frequency

Publishers are reducing print costs and volumes. OPUS Group is facing the risk of printing market consolidation. As global publishers consolidate their supply chains and look to partners who can extend their services offering, speed to market becomes an essence to the success. OPUS Group continues to upgrade its technology, which includes in-house ERP system and digital print solutions, to meet customers' demand. Our proprietary IPALM® platform enables a combination of Print on Demand and Print to Demand solution to our customers. The ability to print faster and more cost effectively is the competitive edge of OPUS Group.

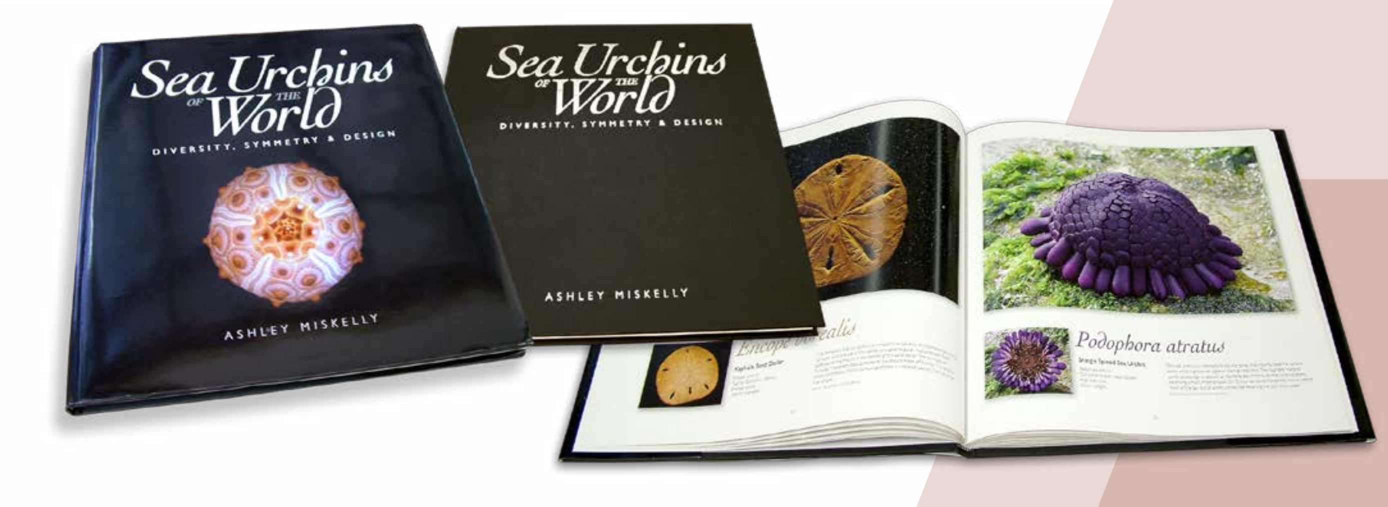
BUSINESS PROSPECTS, OPPORTUNITIES AND RISKS cont.

Slow growth in the domestic economy and foreign exchange fluctuations

The majority of OPUS Group sales are generated in Australia, and the provision of domestic printing services will continually dominate OPUS Group's turnover. With the expected slow growth in the domestic economy, OPUS Group's turnover may be adversely impacted by adverse consumer sentiment. The principal raw material used in OPUS Group's business is paper. The USD appreciation will affect the paper price and hence dampen OPUS Group's profit margin.

OPUS Group has been reset to increase its competitiveness in the domestic market. OPUS Group is partnering with 1010 Group, to strengthen its sourcing network and bargaining power with the suppliers. OPUS Group is performing a wider role in the value chain by adding services and distribution platforms to support customers' needs. While OPUS Group is able to provide its customers with locational flexibility in Australia, we also have support from manufacturing facilities outside of Australia. It allows OPUS Group to tailor an optimum solution to each customer.

2015 OPERATING AND FINANCIAL REVIEW



OPUS Group reported revenue of $115,465,000, which is lower than the year ended 30 June 2014 figures (Six months ended 31 December 2014: $57,969,000; Year ended 30 June 2014: $116,873,000). The slight drop was caused by the disposal of the Outdoor Media business in New Zealand in Oct 2015. The profit for the OPUS Group after providing for income tax amounted to $12,047,000 (Six months ended 31 December 2014: Loss $8,771,000; Year ended 30 June 2014: Loss $47,073,000).

Further details in respect of these results are provided below:

Reported Financial Performance

	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s	% Change Favourable / (unfavourable) Year ended 30 Jun 2014
Revenue from ordinary activities	*115,465*	*57,969*	*116,873*	*(1%)*
Operating income and expenses	*(105,453)*	*(64,268)*	*(151,919)*	*31%*
Operating profit / (loss) before net finance costs	*10,012*	*(6,299)*	*(35,046)*	*129%*
Net finance costs	*(213)*	*(1,554)*	*(7,262)*	*97%*
Profit / (loss) before income tax	*9,799*	*(7,853)*	*(42,308)*	*123%*
Income tax benefit / (expense)	*2,248*	*(918)*	*(4,765)*	*147%*
Profit / (loss) after income tax	*12,047*	*(8,771)*	*(47,073)*	*126%*
Basic profit / (loss) per share (cents)	*12.50¢*	*(21.67)¢*	*(401.76)¢**	*103%*

Due to the rounding of figures small discrepancies may exist
* restated to reflect the share consolidation on the basis of 1 for every 10 shares on 24 October 2014

Financial Highlights

Following the successful restructure of the OPUS Group in the prior period, EBITDA for both divisions and profit before income tax, have both improved.

The Publishing Services Division generated revenue of $94,963,000 which decreased 1% when compared to the year ended 30 June 2014 (Six months ended 31 December 2014: $46,384,000; Year ended 30 June 2014: $95,491,000). The Publishing Services Division managed to retain its key customers. The revenue of the Outdoor Media Division was $20,502,000 4% down on the year ended 30 June 2014 (Six months ended 31 December 2014: $11,585,000; Year ended 30 June 2014: $21,382,000). The decrease is mainly due to sale of the Outdoor Media business in New Zealand.

The Publishing Services Division recorded an EBITDA of $13,189,000 which increased 4% when compared to the year ended 30 June 2014 (Six months ended 31 December 2014: $3,395,000; Year ended 30 June 2014: $12,697,000). The Outdoor Media Division recorded an EBITDA of $4,307,000 which increased 43% when compared to the year ended 30 June 2014 (Six months ended 31 December 2014: $1,925,000; Year ended 30 June 2014: $3,015,000). Others represents unallocated corporate expenses. OPUS Group managed to decrease corporate expenses to $3,799,000 which decreased 30% when compared to the year ended 30 June 2014 (Six months ended 31 December 2014: $3,370,000; Year ended 30 June 2014: $5,418,000).

	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s (restated)	Year ended 30 Jun 2014 AUD$'000s (restated)	% Change Year ended 30 Jun 2014
Revenue				
Publishing Services Division	94,963	46,384	95,491	**(1%)**
Outdoor Media Division	20,502	11,585	21,382	**(4%)**
Total Revenue	115,465	57,969	116,873	**(1%)**
EBITDA				
Publishing Services Division	13,189	3,395	12,697	**4%**
Outdoor Media Division	4,307	1,925	3,015	**43%**
Others	(3,799)	(3,370)	(5,418)	**30%**
Total EBITDA	13,697	1,950	10,294	**33%**

	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s (restated)	Year ended 30 Jun 2014 AUD$'000s (restated)
EBITDA on ordinary activities	13,697	1,950	10,294
Depreciation and amortisation	(3,685)	(2,848)	(7,070)
Finance income	77	26	41
Finance costs	(290)	(1,580)	(7,303)
Impairment of goodwill	-	(17,070)	(38,270)
Impairment of property, plant and equipment	-	(12,023)	-
Debt forgiveness (net)	-	23,692	-
Profit / (loss) before income tax per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	9,799	(7,853)	(42,308)

OPUS Group recorded profit before income tax of $9,799,000 (Six months ended 31 December 2014: loss of $7,853,000; Year ended 30 June 2014: loss of $42,308,000). The net finance cost was reduced to $213,000 (Six months ended 31 December 2014: $1,554,000; Year ended 30 June 2014: $7,262,000) after the successful debt reduction.

Asset and Capital Structure (as at date of the Consolidated Statement of Financial Position)

	2015 AUD$'000s	2014 AUD$'000s
Total current assets	37,434	29,925
Total current liabilities	(20,986)	(24,611)
Net current assets	16,448	5,314
Cash:		
Bank debt and borrowings	-	(1,900)
Finance lease liabilities	(151)	(2,118)
Cash and cash equivalents	11,459	7,119
Net cash	11,308	3,101
Total equity	27,649	16,267

Due to the rounding of figures small discrepancies may exist.

* Bank debt and borrowings excludes off balance sheet bank guarantees and letters of credit.

The financial position of OPUS Group continues its improvement after the recapitalisation transaction in late 2014. As at 31 December 2015, OPUS Group had total equity of $27,649,000 (2014:$16,267,000).

There is net working capital of $16,448,000 (2014: $5,314,000). The current ratio is 1.8 (2014: 1.2). OPUS Group had cash at period end of $11,459,000 (2014: $7,119,000). The only interest bearing liabilities are the finance lease liabilities of $151,000 (2014: total bank debt and finance lease liabilities $4,018,000). During the year, OPUS Group repaid the promissory note of $1,900,000 plus accrued interest to Commonwealth Bank. OPUS Group's gearing ratio, which is calculated on the basis of the total interest-bearing debts over the total equity, is 1% (2014: 25%).

The directors present their report, together with the consolidated financial statements, on the consolidated entity (referred to hereafter as the "OPUS Group") consisting of OPUS Group Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of, or during, the year ended 31 December 2015.

Directors

The following persons were directors of OPUS Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Richard F. Celarc
- Chuk Kin Lau
- Mei Lan Lam
- Paul A. Young
- William J. Mackarell (resigned on 31 January 2015)

(a) Information on Current Directors

Richard F. Celarc
(Chairman and Executive Director)
Mr Celarc co-founded Ligare Pty Ltd in 1979 and was one of the foundation shareholders of the OPUS Group. He initially served as Ligare's accountant, bringing a strong focus on costs and funding the growth of the business from its infancy. Mr Celarc acquired full ownership of Ligare Australia in 1996 and grew the business into the largest specialist book printer in New South Wales. He currently leads the OPUS Group's best practice program, working with the OPUS Group businesses to further develop operating efficiencies and ensure industry leading practice. Mr Celarc has been a key driver of the OPUS Group's cross-site production strategy, ensuring the best use of equipment across the OPUS Group to deliver optimal customer outcomes, and was instrumental in the establishment of the Ligare New Zealand operation.

Having been a print business owner for over 35 years, Mr Celarc has a wealth of industry knowledge and operational experience. He is well respected in industry with a reputation of high integrity and good work ethics.

Mr Celarc is a member of the Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee.

Chuk Kin Lau
(Executive Director)
Mr Lau was appointed as director in October 2014. He is Executive Director of 1010 Printing Group Limited (HKEX Stock Code 1127), the ultimate parent company of OPUS Group, and has been responsible for the overall strategic formulation of the 1010 Group since it commenced its printing business in 2005. Mr Lau was the managing director of an executive search consultancy business in Hong Kong. He also founded a HKEX main board listed printing company. Mr Lau obtained a Bachelor of Arts degree from the University of Minnesota and a Master of Business Administration degree from the Chinese University of Hong Kong.

Mr Lau is a member of the Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee.

Mei Lan Lam
(Executive Director)
Ms Lam was appointed as director in November 2014. She is a practising certified public accountant in Hong Kong, an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Ms Lam received her Doctor of Business Administration degree from the Hong Kong Polytechnic University and Master of Business

Administration degree from the Chinese University of Hong Kong. Ms Lam has over 25 years of experience in finance and has held senior financial positions in various main board listed companies and a non-profit charitable organisation in Hong Kong. Ms Lam is currently a director of 1010 Printing Group Limited (HKEX Stock Code 1127).

Ms Lam is a member of the Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee.

Paul A. Young
(Non-Executive Director)
Mr Young is the co-founder and an Executive Director of Baron Partners Limited, a corporate advisory business established in 1987, and has been in merchant banking in Australia for 30 years. He was formerly a chartered accountant in London and Sydney. He has extensive experience in the provision of corporate advice to a wide range of listed and unlisted companies including restructurings, capital raisings, initial public offerings and mergers and acquisitions.

Mr Young is an Honours Graduate with a Masters degree in Economics (University of Cambridge). He is a Fellow of the Institute of Chartered Accountants in England and Wales, holds an Advanced Diploma in Corporate Finance and is a Fellow of the Australian Institute of Company Directors.

Mr Young is a Non-Executive Director of ASX listed companies Ambition Group Limited, a recruitment business with operations in Australia, Asia and the United Kingdom, and of Byron Energy Limited, an oil and gas exploration and development business operating in the Gulf of Mexico, USA. He is also a Non-Executive Director of Performance English Pty Ltd, a provider of private education, of Enware Australia Pty Ltd, a specialist manufacturer and marketer of plumbing and safety products and of Jura Espresso Australia Pty Ltd, an importer

and marketer of automatic coffee machines. Mr Young is a former chairman of Peter Lehmann Wines Limited and a former Non-Executive Director of THO Services Limited and of Australian Rural Capital Limited.

Mr Young is the Chairman of the Audit Risk Management and Compliance Committee, and of the Nomination and Remuneration Committee since 2014. He was appointed as non-executive director of the board in November 2014.

(b) Key Management Personnel

Clifford D.J. Brigstocke
(Chief Executive Officer)
Mr Brigstocke is Chief Executive Officer of OPUS Group. He has led OPUS Group since its inception and has been instrumental in acquiring, integrating and developing each of the businesses in the OPUS Group. Mr Brigstocke has extensive publishing industry experience, including 10 years in operational, sales and marketing roles, and as a member of the Senior Executive team, with Thomson Reuters in Australia. He is a former Director of Bunzl Australia (part of Bunzl Plc, a FTSE100 company) and held general manager and regional director positions within the Company's outsourcing division. He commenced his career in the Royal Australian Navy where he held senior positions in seaborne combat roles. He holds a Master of Arts degree from Macquarie Graduate School of Management and a Diploma of Logistics from the University of Technology Sydney. He is a member of the Australian Institute of Company Directors.

(c) Directors' Meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

Director	Eligible to attend	Attended
Richard F. Celarc (Chairman)	5	5
Chuk Kin Lau	5	4
Mei Lan Lam	5	4
Paul A. Young	5	5
William J. Mackarell%	0	0

% resigned on 31 January 2015

(d) Committee Membership

OPUS Group has an Audit Risk Management and Compliance Committee and a Nomination and Remuneration Committee. Members acting on the committees during the year and their attendance at meetings was as follows:

Committee Meetings

	Audit Risk Management and Compliance		Nomination and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended
Richard F. Celarc	4	4	1	1
Chuk Kin Lau	4	3	1	1
Mei Lan Lam	4	4	1	1
Paul A. Young (Chairman)	4	4	1	1
William J. Mackarell[%]	0	0	0	0

[%] resigned on 31 January 2015

(e) Principal Activities

The principal activities of the OPUS Group are providing printing services within the following two divisions:

(i) *Publishing Services*

Production and distribution of publications including electronic delivery of online material, regional production of scientific, medical, technical and scholarly journals, loose leaf manuals and primary, secondary and higher education texts. Services also include the provision of secure government communication requirements including document production, web hosting, electronic fulfilment, call centre, warehousing and logistics for the Australian Federal Government, State Governments and Local Councils.

(ii) *Outdoor Media*

Creation, production and distribution of outdoor advertising material and corporate signage, such as billboards, bus advertising, retail displays, vehicle wraps and trade exhibitions.

(f) Dividends

Interim dividend for the year ended 31 December 2015

Record date	Payment date	Amount per shares Cents	Franked amount per shares Cents
28 Oct 2015	11 Nov 2015	1	1

On 29 February 2016 the directors declared a final dividend for the year ended 31 December 2015 of 2 cents per ordinary share to be paid on 10 June 2016 a total estimated distribution of $1,928,000 based on the number of ordinary shares on issue as at 29 February 2016. As the dividend was fully franked, there are no income tax consequences for the owners of OPUS Group relating to this dividend.

(g) Consolidated Results

The consolidated profit after income tax from operations of OPUS Group for the year ended 31 December 2015 was $12,047,000 (Six months ended 31 December 2014: Loss $8,771,000).

(h) Review of Operations

The review of operations of the OPUS Group included in the Operating and Financial Review on pages 7 to 17 of the Financial Report and forms part of this report.

(i) Significant Changes in the State of Affairs

On 30 October 2015, Cactus Imaging Holdings Limited (formerly known as Omnigraphics Limited), a wholly owned subsidiary of OPUS Group in New Zealand, sold its trademark, plant and equipment, inventories and business operation. Cactus Imaging Holdings Limited was a provider of grand and large format printing for outdoor advertising in New Zealand. After the sale, OPUS Group ceased its Outdoor Media business in New Zealand.

There were no other significant changes in the state of affairs of OPUS Group during the financial year.

(j) Matters Subsequent to the end of Financial Year

From the end of the reporting period to the date of this report, there was no matter or circumstance that arose which has significantly affected, or may significantly affect OPUS Group's operations, the results of these operations, or OPUS Group's state of affairs in future financial years.

(k) Likely Developments and Expected Results of Operations

In the opinion of the Directors, all necessary information has been reported in this Directors' Report and the Financial Report. Any additional information, which relates to likely developments in the operations and the expected results of those operations in financial periods subsequent to 31 December 2015, is not included as it would prejudice the interests of the OPUS Group.

(l) Share Options

No shares were issued during the year and up to the date of this report on the exercise of options granted.

(m) Information on Directors

Particulars of the qualifications, experience and special responsibilities of each Director as at the date of this report are set out on pages 18 to 19 of the Financial Report and form part of this Directors' Report. Particulars as to the number of Directors' meetings (including meetings of the Audit Risk Management and Compliance and the Nomination and Remuneration Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the year are set out on pages 20 to 21 of the Financial Report and form part of this Directors' Report. The interests of Directors in the share capital of the parent entity or in a related entity are contained in the register of Directors' shareholdings of the Company as at the date of this report and are set out on page 27 of the Financial Report and form part of this Directors' Report.

(n) Company Secretary

The role of Company Secretary was shared between Laura Lou and Virginia Lee. The Company Secretaries both report directly to the Board of Directors.

Laura Lou (Joint Company Secretary)
Ms Lou joined Ligare as a sales representative in 2007 and moved into the role of Group coordinator for OPUS Group in 2008. Her role has expanded in 2014 to include company secretary and group HR duties. She holds a Bachelor of Commerce, Bachelor of Arts and a Master of Sustainable Development from the University of NSW.

Virginia Lee (Joint Company Secretary)
Ms Lee is a member of the Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accountants, and a fellow member of the Institute of Public Accountants. She has extensive accounting and company management experience. She held senior positions in various international organisations such as BDO Hong Kong, ABN AMRO Trust and the Salvation Army. Ms Lee holds a Master of Business Administration from the University of Manchester. She joined OPUS Group in 2014.

(o) Rounding of Amounts

OPUS Group Limited is a Company of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission. This Class Order relates to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(p) Remuneration Report

The remuneration report is set out under the following main headings:

- • Key management personnel identification
- • Principles used to determine the nature and amount of remuneration
- • Remuneration and other transactions with key management personnel

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Key management personnel identification

The key management personnel (as defined in AASB 124 Related Party Disclosures) of OPUS Group are the Directors and the following executives, as they had authority and responsibility for planning, directing and controlling the activities of the OPUS Group, directly or indirectly, during the financial year:

Name	Position	Employer
Richard F. Celarc	Chairman	OPUS Group (Australia) Pty Limited
Clifford D.J. Brigstocke	Chief Executive Officer	OPUS Group (Australia) Pty Limited

Principles used to determine the nature and amount of remuneration

The objective of the OPUS Group's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance policies:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage and alignment of executive compensation;
- Transparency; and
- Capital management.

OPUS Group has a remuneration policy and structure that is equitable, competitive and consistent so as to ensure the recruitment and retention of personnel of the capability, competence and experience necessary for the achievement of OPUS Group's strategies and goals.

Remuneration is accordingly set to the following principles:

- No individual may be involved directly in determining his or her remuneration. External advice is sought in relation to remuneration where appropriate;
- Remuneration disclosure to shareholders will at a minimum comply with the requirements of legislation and Accounting Standards; and
- Remuneration for Directors is determined by the Board and/or the Nomination and Remuneration Committee within the maximum amount determined by shareholders from time to time at the Company's Annual General Meeting. Non-Executive Directors may not participate in any incentive schemes that are established.

The remuneration framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

Nomination and Remuneration Committee

OPUS Group has a Nomination and Remuneration Committee which has been established by the Board of Directors to annually review, evaluate and make recommendations to the Board in relation to remuneration, including:

- Director remuneration;
- Staff incentive plans, including bonus, share and option plans, and the basis of their application;
- Salary, benefits and total remuneration packages of the Chief Executive Officer and other Senior Executives; and
- Substantial changes to the principles of the OPUS Group's superannuation arrangements.

Remuneration and other transactions with key management personnel

Key management personnel remuneration

Directors' fees are determined within an aggregate Directors' fee pool limit. For the financial year ended 31 December 2015 and in respect of each financial year thereafter and until otherwise determined by a resolution of OPUS Group shareholders, the maximum aggregate remuneration payable to all Directors of the OPUS Group for their services as Directors including their services on a Board or committee or sub-committee and including superannuation is limited to $600,000 per annum (in total). Services provided which are not in the capacity as a Director (e.g. general consulting) are excluded from the limit.

The Non-Executive Directors receive no additional fees for their membership of the Board's Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee. Directors may direct the OPUS Group to make superannuation guarantee contributions, or additional superannuation contributions allocated from their Directors' or committee membership fees, to any complying nominated superannuation fund.

The total fixed remuneration packages inclusive of superannuation and other benefits for key management personnel of the OPUS Group at the date of this report are as follows:

Name	Term of agreement	Total fixed remuneration for the year	Notice period by Executive	Notice period by OPUS Group	Termination payment
Richard F. Celarc#	Open	$327,375	Nil	Nil	Nil
Clifford D.J. Brigstocke	Open	$427,119*	12 months	12 months	12 months

#Mr Celarc is not under an employment contract with OPUS Group. He is paid consultancy fees through a related entity. Remuneration disclosed for year ended 31 December 2015 includes $300,000 of consulting fees.
*Inclusive of superannuation

Base pay is structured as a package amount which may be delivered as cash and prescribed non-cash financial benefits, including motor vehicles and additional superannuation contributions at the Executive's discretion. Base pay is reviewed annually to reflect increases in responsibility and to ensure that the Executive's pay is competitive in the market for a comparable role. There are no guaranteed base pay increases included in any Senior Executives' contracts.

Non-Executive Director is not entitled to participate in any incentive scheme, nor is he eligible to receive share options.

Short-term performance incentives

The short-term incentives ("STI") program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. Historically, OPUS Group's STI is based on EBITDA and individual KPI's. Due to the capital restructuring that occurred in late 2014, no STI was set for the 2015 financial year and as a result, there was no at risk component of remuneration for the current year (Six months ended 31 December 2014: At risk - $150,000).

For the year ended 31 December 2015, no short-term performance incentives were paid to key management personnel (Six months ended 31 December 2014: Nil).

Long-term performance incentives

The OPUS Group is in the process of establishing a long-term incentive plan for key management.

Retirement benefits

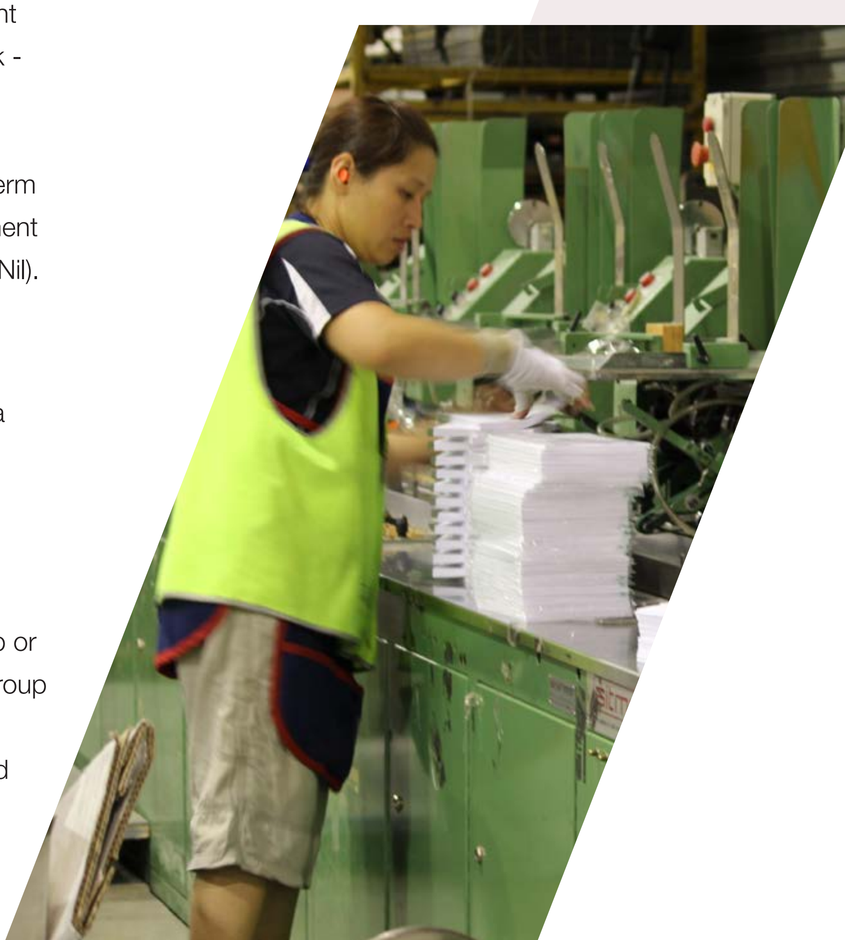
Retirement benefits are delivered by a number of superannuation funds selected by the OPUS Group or the executives. Executives may direct the OPUS Group to make superannuation guarantee contributions, or additional superannuation contributions allocated from their base package amount, to any complying nominated superannuation fund.

Performance assessment

The process for reviewing the performance of Senior Executives is undertaken by the Chief Executive Officer.

The Chairman is responsible for meeting with the individual Directors to discuss their individual performance and contribution to the Board however the Nomination and Remuneration Committee oversee this function. The performance of the Chief Executive Officer is monitored and assessed by the members of the Nomination and Remuneration Committee.

This performance evaluation took place during the year 2015.The Chairman of the Nomination and Remuneration Committee is Mr Young, a Non-Executive Director.



Details of remuneration

Details of the remuneration of the Directors of the OPUS Group, the other Key Management Personnel and the other highest remunerated executives of the OPUS Group are set out in the following tables.

Full year ended 31 Dec 2015	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**		**Share-based payments**		**Proportion of remuneration linked to performance**
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Super-annuation**	**Long Service Leave**	**Termination benefits**	**Options**	**Total**	
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	
Directors of OPUS Group Limited									
William J. Mackarell[%]	8,500	-	-	808	-	-	-	9,308	0%
Richard F. Celarc	325,000	-	-	2,375	-	-	-	327,375	0%
Chuk Kin Lau	-	-	-	-	-	-	-	-	0%
Mei Lan Lam	-	-	-	-	-	-	-	-	0%
Paul A. Young	56,100	-	-	5,285	-	-	-	61,385	0%
Other Group Key Management Personnel									
Clifford D. J. Brigstocke	347,953	250	24,488	35,025	19,403	-	-	427,119	0%
Total remuneration	737,553	250	24,488	43,493	19,403	-	-	825,187	

[%]Resigned on 31January 2015

6 months ended 31 Dec 2014	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**		**Share-based payments**		**Proportion of remuneration linked to performance**
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Super-annuation**	**Long Service Leave**	**Termination benefits**	**Options**	**Total**	
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	
Directors of OPUS Group Limited									
William J. Mackarell[%]	51,000	-	-	4,845	-	-	-	55,845	0%
Richard F. Celarc	167,500	-	-	2,850	-	-	-	170,350	0%
Bret. P. Jackson*	32,700	-	-	-	-	-	-	32,700	0%
Simon. A. Rowell*	31,666	-	-	3,008	-	-	-	34,674	0%
James. M. Sclater*	29,167	-	-	2,625	-	-	-	31,792	0%
Chuk Kin Lau[#]	-	-	-	-	-	-	-	-	0%
Mei Lan Lam^	-	-	-	-	-	-	-	-	0%
Paul A. Young^	5,430	-	-	570	-	-	-	6,000	0%
Other Group Key Management Personnel									
Clifford D. J. Brigstocke	178,375	-	11,205	17,500	5,794	-	-	212,874	0%
Total remuneration	495,838	-	11,205	31,398	5,794	-	-	544,235	

*Resigned on 24 October 2014
[#]Appointed on 24 October 2014
^Appointed on 25 November 2014
[%]Resigned on 31January 2015

(1) Cash salary and fees includes movements in the annual leave provision where applicable.
(2) Non-monetary benefits comprise salary sacrificed components of remuneration packages including motor vehicles and related fringe benefits tax, medical insurance premiums and private telephone expenses.
(3) Remuneration disclosed for the year ended 31 December 2015 includes $300,000 (Six months ended 31 December 2014: $137,500) of consulting fees related to Mr Celarc's role consulting to the Publishing Services division for the OPUS Group. These fees are excluded from the limit of Directors' remuneration as disclosed on page 24.

Amounts disclosed as remuneration of Directors and Executives exclude premiums paid by OPUS Group in respect of Directors' and Officers' liability insurance contracts. Further information relating to these insurance contracts is disclosed on page 28.

Additional information

The earnings of the OPUS Group for the five years to 31 December 2015 are summarised below:

	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s	Year ended 30 Jun 2014 AUD$'000s	Year ended 30 Jun 2013 AUD$'000s	Year ended 30 Jun 2012 AUD$'000s
Sales revenue	115,465	57,969	116,873	116,824	96,068
EBITDA	13,697	1,950	10,294	14,311	11,572
EBIT	10,012	(898)	3,224	6,074	4,373
Profit / (loss) after income tax	12,047	(8,771)	(47,073)	(2,847)	(1,794)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	Year ended 31 Dec 2015 AUD	Six months ended 31 Dec 2014 AUD	Year ended 30 Jun 2014 AUD	Year ended 30 Jun 2013 AUD	Year ended 30 Jun 2012 AUD
Share price at financial year / period end ($)	0.50	0.43	0.04	0.11	0.58
Total dividends declared (cents per share)	3.00%	-	-	-	-
Basic profit / (loss) per share (cents per share)	12.50	(21.67)	(401.76)*	(53.04)*	(44.74)*

% Includes a final dividend for the year ended 31 December 2015 of 2 cents per ordinary share declared by the directors on 29 February 2016
*restated to reflect the share consolidation on the basis of 1 for every 10 shares on 24 October 2014

Shareholdings

The number of ordinary shares in the Company held during the year by each Director and other Key Management Personnel of OPUS Group Limited and other key management personnel of OPUS Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Year Ended 31 December 2015

Name	Balance at the start of the year	Changes during the year	Balance at the end of the year	Balance at the date of this report
Directors of OPUS Group Limited				
William J. Mackarell (resigned on 31 Jan 2015)	6,000	-	6,000*	6,000*
Richard F. Celarc	12,273,002	61,645	12,334,647	12,334,647
Chuk Kin Lau	-	-	-	-
Mei Lan Lam	-	-	-	-
Paul A. Young	565,061	-	565,061	565,061
Other key management personnel of the Group				
Clifford D.J. Brigstocke	-	-	-	-

* As of 31 January 2015

Consulting fees

Consulting fees paid to Mr Celarc (Director) through Angrich Pty Limited for the year ended 31 December 2015 amounted to $300,000 (Six months ended 31 December 2014: $137,500). These amounts are disclosed as part of Mr Celarc's remuneration noted on the previous page.

Lease costs

Ligare Pty Limited occupies a property in Riverwood, Sydney under a lease agreement with D.M.R.A Property Pty Limited, a company controlled by Mr Celarc, who is a shareholder and Director of OPUS Group Limited. The lease agreement expires in December 2016. Lease fees paid for the year total $654,540 (Six months ended 31 December 2014: $321,756). There was no outstanding balance with D.M.R.A Property Pty Limited at 31 December 2015 (2014: Nil).

This concludes the remuneration report, which has been audited.

(q) Indemnification and Insurance of Officers

The OPUS Group has agreed to indemnify the current Directors and certain current Executives of the OPUS Group against all liabilities to another person (other than the OPUS Group or a related body corporate) that may arise from their position as Directors or Officers of the OPUS Group, to the extent permitted by law. The indemnity agreement stipulates that the OPUS Group will meet the full amount of such liabilities, including costs and expenses.

The OPUS Group pays a premium to insure Directors and certain officers of the OPUS Group and Controlled Entities. The officers of the OPUS Group covered by the insurance policy include the current Directors and Secretaries of the parent company and its subsidiaries, senior management of the OPUS Group and senior management of divisions and controlled entities of the OPUS Group. The insurance policy operates on a claims made basis.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or controlled entities. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors and officers of the OPUS Group.

The OPUS Group has not otherwise indemnified or agreed to indemnify an officer or of any related body corporate against a liability incurred by such officer.

(r) Indemnification and Insurance of Auditors

During the financial year, OPUS Group has not paid a premium in respect of a contract to insure the auditors of OPUS Group or any related entity.

(s) Environmental Regulation

The OPUS Group is subject to environmental regulation in respect of its printing operations and manufacturing activities as set out below.

The OPUS Group has printing operations which are required to comply with a number of Australian pollution control and environmental regulations. The businesses concerned take all reasonable precautions to minimise the risk of an environmental incident, including the removal of solid and liquid wastes by licensed contractors, arranging environmental compliance audits by qualified external organisations and ensuring that personnel receive appropriate training. There have been no material instances of non-compliance with environmental regulations during the year.

(t) Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of OPUS Group, or to intervene in any proceedings to which OPUS Group is a party for the purpose of taking responsibility on behalf of OPUS Group for all or part of those proceedings.

(u) Non-audit Services

Details of the amounts paid or payable to the auditors for non-audit services provided during the financial year / period by the auditor are outlined in Note 9 of the Financial Report.

The Directors are satisfied that the provision of non-audit services during the financial year / period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 9 of the Financial Report do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

(i) all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

(ii) none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the OPUS Group, acting as advocate for the OPUS Group or jointly sharing economic risks and rewards.

(v) Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 30.

This report is made in accordance with a resolution of the Directors, pursuant to section 298 (2)(a) of the Corporations Act 2001.

Richard Celarc
Chairman
29 February 2016, Sydney

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

DECLARATION OF INDEPENDENCE BY CRAIG MAXWELL TO THE DIRECTORS OF OPUS GROUP LIMITED AND ITS CONTROLLED ENTITIES

As lead auditor of OPUS Group Limited and controlled entities for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OPUS Group Limited and the entities it controlled during the period.

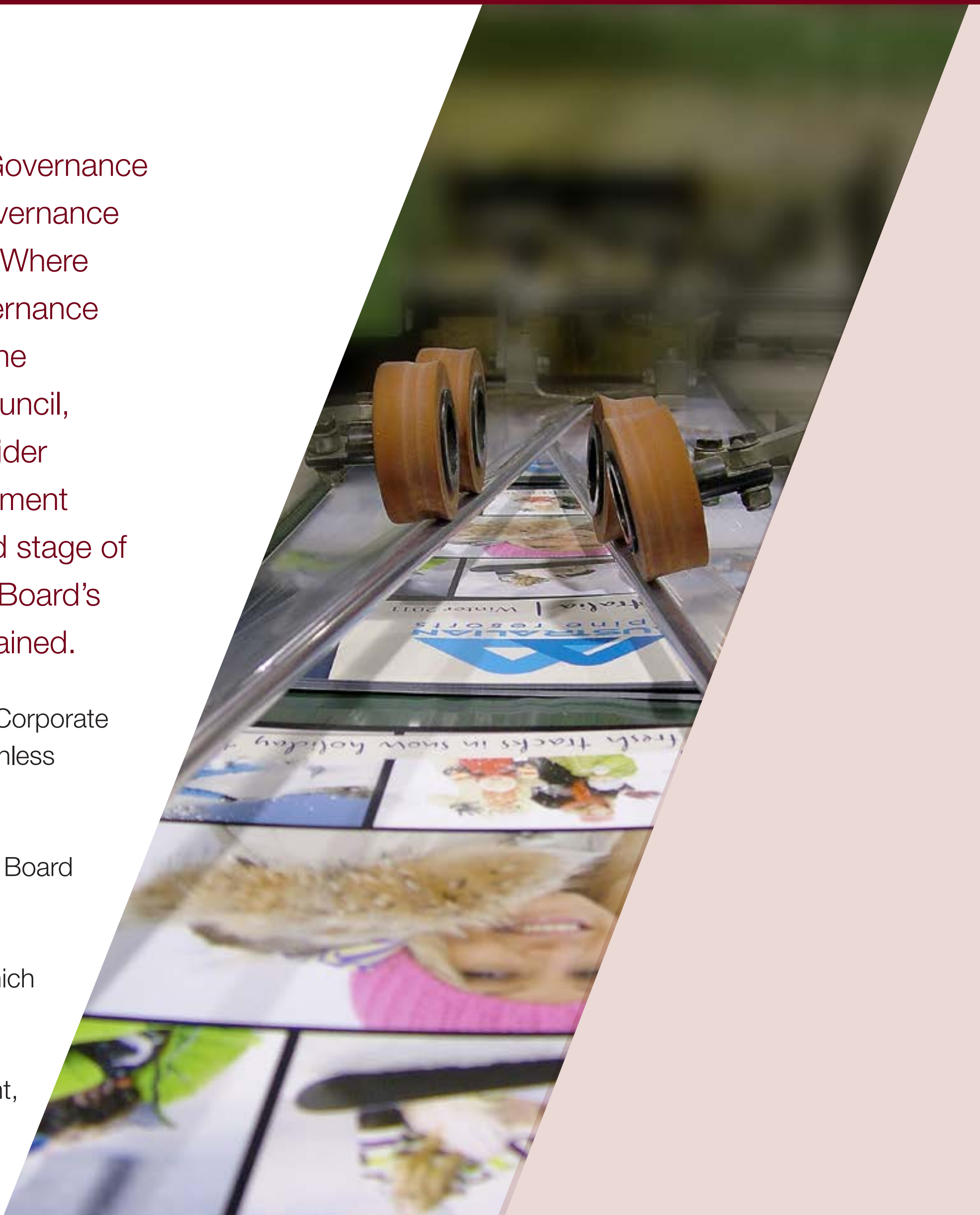
Craig Maxwell
Partner

BDO East Coast Partnership

Sydney, 29 February 2016

MARCS
Veronika Maine
Sale
Collette Dinnigan
exclusive to Specsavers
Specsavers
Level 2,
next to Foodcourt

CORPORATE GOVERNANCE STATEMENT



The OPUS Group is committed to implementing the ASX Corporate Governance Council's ("Council") Corporate Governance Principles and Recommendations. Where the OPUS Group's Corporate Governance practices do not correlate with all the practices recommended by the Council, or the OPUS Group does not consider it practicable or necessary to implement some principles due to the size and stage of development of its operations, the Board's reasoning for any departure is explained.

The OPUS Group complies with the ASX Corporate Governance Council recommendations, unless otherwise stated.

This statement has been approved by the Board and is current as at 29 February 2016.

The OPUS Group's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, the OPUS Group's website or Annual Report, has been filed with the ASX on 29 February 2016.

The ASX Principles and Recommendations and the OPUS Group's response as to how and whether it follows those recommendations are set out below.

Principle 1: The Board lays solid foundations for management and oversight

Role of the Board

The Board's role is to govern the OPUS Group and has thereby established the functions reserved to the Board. In governing the OPUS Group, the Directors must act in the best interests of the OPUS Group as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the OPUS Group.

Responsibilities of the Board and Board Processes

In general, the Board is ultimately responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the OPUS Group. The Board of Directors of the OPUS Group are responsible for establishing the Corporate Governance framework. The Board guides and monitors the business affairs of the OPUS Group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board is required to do all things that may be necessary to be done in order to carry out the objectives of the OPUS Group. The Board delegates authority to Senior Executives and management to carry out delegated duties in support of the objectives of the OPUS Group.

The Board has established the following committees to assist it in discharging its functions:

- Audit Risk Management and Compliance Committee; and
- Nomination and Remuneration Committee.

The Board's functions and the functions delegated to Senior Executives are set out in the Board Charter which is available on the OPUS Group's website under "Corporate Governance".

The Board holds regular meetings and is expected to meet periodically throughout the year. Directors' attendance at meetings this period is set out on pages 20 to 21 of this Financial Report.

It is the role of senior management to manage the OPUS Group in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Performance Review / Evaluation –
The Nomination and Remuneration Committee's Role

In accordance with its Charter, the Nomination and Remuneration Committee is structured such that it is chaired by a Non-Executive Director and has at least 3 Directors.

The Nomination and Remuneration Committee is established by the Board of Directors to annually review, evaluate and make recommendations to the Board in relation to:

- Non-executive Director remuneration.
- Staff incentive plans, including bonus, share and option plans, and the basis of their application amongst differing levels of staff. This is supported by an annual performance review based on key performance indicators and milestones achieved.
- Salary, benefits, and total remuneration packages of the Chief Executive Officer and senior staff reporting to the Chief Executive Officer. This is supported by an annual performance review based on key performance indicators and milestones achieved.
- Employee succession planning to ensure the continuity and quality of management.

The Nomination and Remuneration Committee is required from time to time to review, evaluate and if appropriate approve the following:

- Chief Executive Officer's recommendation for overall annual salary movements for business unit salary reviews.
- Salary, benefits, and total remuneration package of individual executives as recommended by the Chief Executive Officer.
- Substantial changes to the principles of the OPUS Group's superannuation arrangements recommended by the Chief Executive Officer.

The Chairman of the Nomination and Remuneration Committee is Mr Young, a Non-Executive Director. The other members of the Committee are Mr Lau, Mr Celarc and Ms Lam.

Principle 2: The Board is structured to add value

Board composition and nomination

The Board currently comprises four Directors, one of whom is Mr Celarc, who is Chairman and Executive Director. The other two Executive Directors are Mr Lau and Ms Lam. The remaining Director is Non-Executive Director, Mr Young. Further details about the Directors including skills, experience and term of office are set out on pages 18 to 19 of this Financial Report.

The OPUS Group recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Director can offer. Determination of the independence of each Director is made with reference to the factors set out in the Board Charter that list the relationships affecting independent status.

The performance of Non-Executive Directors is assessed formally by the Chairman of the Board on an annual basis.

When a new Director is to be appointed a board skills matrix is prepared to review the range of skills, experience and expertise on the Board and to identify its needs. From this the committee will review potential candidates that align with the current Board composition requirements. The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting. New Directors participate in an induction program which is the responsibility of the Chairman of the Board. The induction program covers the expectations of the new member, their responsibilities, rights and terms and conditions of their employment.

Independent professional advice and access to information

Each Director has the right of access to all OPUS Group information and to OPUS Group's Senior Executives. Further, each Director and the Board collectively, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at OPUS Group's expense, with the approval of the Chairman, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Principle 3: The Board promotes ethical and responsible decision making

Code of conduct

As part of its commitment to recognising its legal obligations, the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the OPUS Group's integrity, the OPUS Group has established a Code of Conduct. The code aims to provide guidance to Directors, Senior Executives, management and employees on the standards of personal and corporate behaviour and the responsibility and accountability required of the OPUS Group's personnel for reporting and investigating unethical practices. The code contains practices necessary to maintain external stakeholders' confidence in the OPUS Group's integrity, the practices necessary to take into account their legal obligations and the responsibilities of individuals for reporting and investigating reports of unethical practices.

A copy of the Code of Conduct is available on the OPUS Group's website under "Corporate Governance".

Securities trading policy

The OPUS Group has adopted a securities trading policy for the Directors, Senior Executives, employees, consultants and contractors of the OPUS Group which is appropriate for an entity whose shares are admitted to trading on the ASX.

This policy was issued in April 2012 and modified in February 2016. To ensure there is no avoidance of doubt of compliance, Directors and other employees are directed to consult with the Company Secretary. A copy of the Securities Trading Policy is available on the OPUS Group website under "Corporate Governance".

Diversity

The OPUS Group has developed a diversity policy, a copy of which can be found on the OPUS Group website under "Corporate Governance". The Diversity Policy reflects the OPUS Group's commitment to workplace diversity and compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
A diverse workforce is one that recognises and embraces the value that different people can bring to a company through their gender, age, ethnicity, cultural background, marital status, sexual orientation and/or religious beliefs. The OPUS Group promotes a diverse workforce by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications, abilities and aptitudes without regard to factors that are irrelevant to the person's skill or ability to fulfil the inherent job requirements.

The OPUS Group has or will introduce the following initiatives to specifically assist with improving gender diversity:

(a) mentoring programs and professional development programs targeted at female employees to prepare them for management positions;

(b) promoting a safe work environment by taking action against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation and vilification);

(c) networking opportunities; and

(d) supporting the promotion of women to management roles.

The OPUS Group believes that promoting a diverse workforce:

(a) enables the OPUS Group to achieve improved outcomes by benefiting from the differing perspectives and expertise that people from diverse backgrounds bring to their roles;

(b) better represents the diversity of the OPUS Group's stakeholders; and

(c) is consistent with the OPUS Group's broader Corporate Governance Principles, specifically the Ethics and Responsible Business Conduct Policy and the OPUS Group's Equal Employment Opportunity Policy.

The Board has the established the following measurable objectives for achieving gender diversity:

(a) the number of women employed throughout the OPUS Group will track to at least 30% of total employees;

(b) the OPUS Group will aim to have at least 15% of senior management positions occupied by women; and

(c) whilst it is essential the Board comprises Directors with the right blend of expertise, skills and experience it is envisaged that by 2015 the Board will have at least one female director.

The Board is committed to have an appropriate blend of diversity within the OPUS Group and especially within the Senior Executive team. Gender diversity is a key area of focus of the Board and will continue to be so. The ratio of male to female participation at all levels of the business as at 31 December 2015 is as follows:

Year ended 31 December 2015	**Male**	**Female**	**Total**
Board	3	1	4
Senior Management	9	2	11
Operational Staff	256	82	338
Back Office Staff	44	40	84
Total Board and employees	312	125	437
	71%	29%	100%

Six months ended 31 December 2014	**Male**	**Female**	**Total**
Board	3	1	4
Senior Management	11	3	14
Operational Staff	265	86	351
Back Office Staff	39	50	89
Total Board and employees	318	140	458
	69%	31%	100%

Principle 4: The Board safeguards integrity in financial reporting

The Board has established an Audit Risk Management and Compliance Committee to assist the Board safeguard the integrity of financial reporting. The responsibilities of the Committee are set out in a formal charter approved by the Board. This charter is available on the OPUS Group's website under "Corporate Governance". The Committee currently comprises four Directors. Mr Young is the Chair of the Committee, Mr Lau, Mr Celarc and Ms Lam are also members of the Committee. The composition of the Committee satisfies the Board's requirements in performing the Committee's function given the size and complexity of the business at present.

The Audit Risk Management and Compliance Committee Charter sets out the procedure for the selection, appointment and rotation of external audit engagement partners.

Further details of the members of the Audit Risk Management and Compliance Committee and their attendance at committee meetings are set out on page 21 of this Financial Report.

At the date of this report no internal audit function has been established. The OPUS Group works closely with its external auditors in respect to process improvement and the integrity of the information reported both internally and externally.

Principles 5 and 6: The Board makes timely and balanced disclosure and the Board respects the rights of shareholders

The Board has designated the Chief Executive Officer and the Company Secretary as the individuals responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX listing rule disclosure requirements and accountability at Senior Executive level for that compliance. This is covered by the Communications Policy, which is available on the OPUS Group's website under "Communications Policy" within "Corporate Governance".

The Board provides shareholders with information by applying this policy. The policy includes identifying matters that may have a material effect on the price of the OPUS Group's securities, notifying them to the ASX, posting them on the OPUS Group's website and issuing media releases.

The Board respects the rights of its shareholders and to facilitate the effective exercise of those rights, by promoting effective communication with shareholders and encouraging shareholder participation at Annual General Meetings. The external auditor also presented at the AGM of the Company to answer questions relevant ot the external audit. The OPUS Group has established a communications policy which is available on the OPUS Group's website under "Corporate Governance", called "Communications Policy".

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the OPUS Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The OPUS Group provides its investors the option to receive communications from, and send communication to, the OPUS Group and the share registry electronically.

Principle 7: The Board recognises and manages risk

The OPUS Group is committed to the identification, monitoring and management of material business risks of its activities via its risk management framework. A copy of the risk management policy is available on the OPUS Group's website under "Corporate Governance", called "Summary of Risk Management Framework".

The Board assumes ultimate responsibility for the oversight and management of material business risks and satisfies itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control to manage the OPUS Group's material business risks.

The Board delegates the detailed work of this task to the Executive Management team and the Board periodically reviews this work. A key element in the risk management framework will be the reporting by management on the key risks. The Audit Risk Management and Compliance Committee will oversee the adequacy and content of risk reporting from management.

The Board has received assurances from the Chief Executive Officer in relation to financial reporting risks.

The Board receives regular updates from management on whether the Company's material business risks are being managed effectively. This process is informally communicated by management through the Chief Executive Officer and in Board reporting at regular Board Meetings.

Attestations by Chief Executive Officer

In accordance with recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations, the Chief Executive Officer have stated in writing to the Board that:

- The statement given in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control which implements the policies adopted by the Board; and
- The OPUS Group's risk management and internal control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: The Board remunerates fairly and responsibly

Nomination and Remuneration Committee

The OPUS Group has established a Nomination and Remuneration Committee which has responsibility for the formulation of remuneration policies. The role of the Nomination and Remuneration Committee is set out in a formal charter approved by the Board (available on the OPUS Group's website under "Corporate Governance"). Its responsibilities, among other responsibilities are to:

(a) Determine appropriate compensation arrangements for the Directors, Senior Executives and employees;
(b) Determine Senior Executive and Non-Executive remuneration policies;
(c) Develop and review equity based plans; and
(d) Make these recommendations for the consideration by the Board.

Remuneration Report and remuneration policies

The Board (with the assistance of the Nomination and Remuneration Committee) has established a policy to ensure that it remunerates fairly and responsibly. The remuneration philosophy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees. The Nomination and Remuneration Committee is responsible for the oversight of the OPUS Group and the establishment of a long-term incentive plan.

Directors' fees are determined within an aggregate Directors' fee pool limit, which will be periodically approved by shareholders at the Annual General Meeting. The current maximum fee pool is $600,000 for Directors. This limit excludes consulting fees for services which are not in the capacity of being a Director of the OPUS Group. Non-Executive Directors of the OPUS Group are entitled to participate in any equity plan of the OPUS Group where it is considered an appropriate element of remuneration in situations when the non-executive's skills and experiences are recognised as important to OPUS Group's future development. Non-Executive Directors do not receive retirement benefits, other than statutory superannuation entitlements.

Further details on the structure of Executive Directors, Non-Executive Director and Senior Executives remuneration are set out in the Remuneration Report of this Financial Report.

Personnel of the OPUS Group are not permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme, or otherwise awarded, or which will be offered by the OPUS Group in the future.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2015

	Note	Consolidated Year ended 31 Dec 2015 AUD$'000s	Consolidated Six months ended 31 Dec 2014 AUD$'000s
Revenue	4(e)	115,465	57,969
Other income	5	3,717	482
Debt forgiveness (net)	5	-	23,692
Changes in inventories of finished goods, materials and work in progress		(35,015)	(17,500)
Other production costs and freight	7	(21,917)	(9,997)
Employee benefits expense	6	(37,169)	(21,248)
Occupancy costs	7	(4,147)	(2,764)
Depreciation and amortisation expense		(3,685)	(2,848)
Impairment of goodwill		-	(17,070)
Impairment of property, plant and equipment		-	(12,023)
Loss on disposal of assets		-	(12)
Other expenses	7	(7,237)	(4,980)
Operating profit / (loss) before finance costs		10,012	(6,299)
Finance income		77	26
Finance expenses		(290)	(1,580)
Net finance costs		(213)	(1,554)
Profit / (loss) before income tax		9,799	(7,853)
Income tax benefit / (expense)	8	2,248	(918)
Profit / (loss) after income tax		12,047	(8,771)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of cash flow hedges (net of tax)	24(a)	-	922
Exchange differences on translation of foreign operations	24(a)	299	1,382
Other comprehensive income for the year / period net of tax		299	2,304
Total comprehensive income for the year / period		12,346	(6,467)
		Cents	**Cents**
Basic profit / (loss) per share	2	12.50	(21.67)
Diluted profit / (loss) per share	2	12.04	(21.67)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 December 2015

		Consolidated	
		2015	**2014**
	Note	**AUD$'000s**	**AUD$'000s**
Current assets			
Cash and cash equivalents	10	11,459	7,119
Trade and other receivables	11	16,825	15,493
Inventories	12	6,430	5,400
Other current assets	13	2,720	1,913
Total current assets		37,434	29,925
Non-current assets			
Investments accounted for using the equity method	14	-	333
Property, plant and equipment	16	8,183	11,294
Intangibles	17	-	-
Deferred tax assets	18	3,065	-
Other non-current assets		1,469	1,019
Total non-current assets		12,717	12,646
Total assets		50,151	42,571
Current liabilities			
Trade and other payables	19	13,888	14,759
Interest bearing liabilities	20	151	3,039
Employee benefits	21	5,076	4,389
Provisions	22	-	698
Amount due to fellow subsidiary	27	700	4
Provision for income tax		1,171	1,722
Total current liabilities		20,986	24,611
Non-current liabilities			
Deferred tax liabilities	18	153	100
Interest bearing liabilities	20	-	979
Employee benefits	21	448	614
Provisions	22	915	-
Total non-current liabilities		1,516	1,693
Total liabilities		22,502	26,304
Net assets		27,649	16,267
Equity			
Share capital	23	70,594	70,594
Reserves	24(a)	8,808	8,509
Profits reserve	24(b)	11,083	-
Accumulated losses	24(c)	(62,836)	(62,836)
Total equity		27,649	16,267

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

Consolidated	Note	Share capital AUD$'000s	Reserves AUD$'000s	Profits reserve AUD$'000s	Accumulated losses AUD$'000s	Total AUD$'000s
Balance at 1 July 2014		43,130	1,395	-	(54,065)	(9,540)
Loss after income tax		-	-	-	(8,771)	(8,771)
Changes in fair value of cash flow hedges net of tax	24(a)	-	922	-	-	922
Exchange differences on translation of foreign operations and internal borrowings	24(a)	-	1,382	-	-	1,382
Total comprehensive income for the period		-	2,304	-	(8,771)	(6,467)
Transactions with owners in their capacity as owners						
Issue of ordinary shares under recapitalisation plan	23	28,456	-	-	-	28,456
Transaction costs arising on shares issue	23	(992)	-	-	-	(992)
Issuance of share options	24(a)	-	4,810	-	-	4,810
Total changes in ownership interests		27,464	4,810	-	-	32,274
Balance at 31 December 2014		70,594	8,509	-	(62,836)	16,267

Consolidated	Note	Share capital AUD$'000s	Reserves AUD$'000s	Profits reserve AUD$'000s	Accumulated losses AUD$'000s	Total AUD$'000s
Balance at 1 January 2015		70,594	8,509	-	(62,836)	16,267
Exchange differences on translation of foreign operations	24(a)	-	299	-	-	299
Profit after income tax	24(b)	-	-	12,047	-	12,047
Total comprehensive income for the year		-	299	12,047	-	12,346
Transactions with owners in their capacity as owners						
Dividend paid	24(b)	-	-	(964)	-	(964)
Total changes in ownership interests		-	-	(964)	-	(964)
Balance at 31 December 2015		70,594	8,808	11,083	(62,836)	27,649

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

OPUS Group Limited and Controlled Entities
Consolidated Statement of Cash Flows for the year ended 31 December 2015

	Note	Consolidated Year ended 31 Dec 2015 AUD$'000s	Consolidated Six months ended 31 Dec 2014 AUD$'000s
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		125,274	62,294
Payments to suppliers and employees (inclusive of GST)		(116,310)	(60,871)
Interest received		77	26
Interest and borrowing costs paid		(199)	(2,136)
Net income tax paid		(1,312)	(277)
Net cash inflows / (outflows) from operating activities	10	7,530	(964)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(877)	(358)
Proceeds from the disposal of property, plant and equipment		772	-
Payment for deferred consideration for Blue Star acquisition		(540)	-
Consideration received from disposal of outdoor media business in New Zealand		1,954	-
Dividends received from associate investments		375	299
Net cash inflows / (outflows) from investing activities		1,684	(59)
Cash flows from financing activities			
Proceeds from related party borrowings		-	4,500
Issuance of shares		-	7,576
Dividend paid		(964)	-
Transaction costs arising on shares issued		-	(992)
Repayment of unsecured promissory note		(1,900)	-
Repayment of borrowings from related party		-	(4,500)
Repayment of finance leases		(1,967)	(462)
Net cash (outflows) / inflows from financing activities		(4,831)	6,122
Net increase in cash held		4,383	5,099
Cash and cash equivalents at the beginning of the financial year / period		7,119	2,016
Net effect of exchange rate changes on cash		(43)	4
Cash and cash equivalents held at the end of the financial year / period		11,459	7,119

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this Financial Report (referred to as the Financial Report or Annual Financial Report) are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated. The Financial Report is for OPUS Group consisting of OPUS Group Limited and its Controlled Entities (the “OPUS Group”).

(a) Basis of preparation and consolidation, accounting policies and critical accounting estimates and judgements

Basis of preparation

OPUS Group Limited (“the Company” or “the parent entity”) is a Public Company listed on the Australian Securities Exchange (“ASX”). This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001 as appropriate for for-profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”).

New, revised or amended Accounting Standards and Interpretations adopted

OPUS Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of OPUS Group.

The following Accounting Standards and Interpretations are most relevant to OPUS Group:

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The OPUS Group has applied Parts A to C of AASB 2014-1 from 1 January 2015. These amendments affect the following standards: AASB 2 “Share-based Payment”: clarifies the definition of “vesting condition” by separately defining a “performance condition” and a “service condition” and amends the definition of “market condition”; AASB 3 “Business Combinations”: clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 “Operating Segments”: amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the Chief Operating Decision Maker; AASB 13 “Fair Value Measurement”: clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 “Property, Plant and Equipment” and AASB 138 “Intangible Assets”: clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 “Related Party Disclosures”: extends the definition of “related party” to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 “Investment Property”: clarifies that the acquisition of an investment property may constitute a business combination.

Historical cost convention

All financial information is prepared on an accruals basis and is based on historical costs, modified where applicable by the measurement at fair value of selected non-current financial assets and financial liabilities.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OPUS Group Limited as at 31 December 2015 and the results of all subsidiaries for the year then ended. OPUS Group Limited and its subsidiaries together are referred to in these consolidated financial statements as the "OPUS Group".

Subsidiaries are all those entities over which the OPUS Group has control. The OPUS Group controls an entity when the OPUS Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the OPUS Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the OPUS Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the OPUS Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity of the OPUS Group. Losses incurred by the OPUS Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the OPUS Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The OPUS Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Operating segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker are responsible for the allocation of resources to operating segments and assessing their performance.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the OPUS Group's entities are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The Financial Report is presented in Australian Dollars ("AUD$") being OPUS Group's functional and presentation currency.

The functional currency of New Zealand based operations is New Zealand Dollars and the functional currency of C.O.S. Printers is Singapore Dollars. These entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the reporting date;
- income and expenses for each profit or loss are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity in the foreign currency translation reserve.

Notes to the Consolidated Financial Statements for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to AUD$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated to AUD$ at the average exchange rates between reporting dates as an approximation of the spot rate on each of the transaction dates. Foreign currency differences are recognised in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount of the reserve is transferred to profit or loss.

(e) **Revenue recognition**

Sales revenue comprises revenue earned (net of returns, discounts, allowances, duties and taxes) from the provision of products or services to entities outside the OPUS Group.

Revenue

Sale of products and goods

Sales revenue is recognised when the goods are dispatched, or when title passes to the customer, at the fair value of the consideration received or receivable. OPUS Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Provision of services

Sales revenue is recognised based on the stage of completion of the service, contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Where the stage of completion cannot be estimated reliably, revenue is only recognised to the extent of the expenses recognised that are recoverable.

Agency and commission arrangements

When presenting revenues in the Consolidated Statement of Profit or Loss and Other Comprehensive Income consideration is given to whether the OPUS Group is operating as an agent (earning a fee or commission in return for arranging the provision of goods or services on behalf of a principal) or a principal (acting on its own account when contracting with customers for the supply of goods or services in return for consideration). Whether an entity is acting as a principal or agent is a matter of facts and circumstances.

In an agency relationship the gross cash inflows include amounts collected on behalf of the principal which are not revenue. In this instance the net amount retained can only be presented as revenue.

When the transaction is such that OPUS Group is acting as the principal to the arrangement, revenue is recognised based on the gross amount received or receivable under the sales contract.

Shipping and handling charges

The OPUS Group may sell items either FOB (free on board) or CIF (cost, insurance, freight). CIF charges are included as part of revenue. The cost of insurance and freight is included as revenue unless the OPUS Group is only acting as an agent in respect of these charges. This may be the case where there is no profit element in the insurance and freight charged to the customers, so that these charges are merely the reimbursement of expenses. In this situation any consideration attributable to these elements is netted off against the carriage costs (freight etc.) in the profit or loss. However where the OPUS Group is able to determine the additional margin on the CIF charges, revenue includes the full CIF selling price, as the recharge of the CIF elements is effectively a revenue-earning part of the transaction.

1. Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

Revenue (continued)

Volume, settlement and general discounting

The OPUS Group may offer customer discounts for either achieving a minimum threshold of purchases, for prompt settlement or a general discount for a specified arrangement. OPUS Group's revenue accounting policy requires the amount of revenue recognised under the transaction to be reduced by the amount of the discount at the time of the sale. At times this may require an estimation of the future discount or rebate which may be earned by the customer.

Other income

Other income, including dividends, is recognised when the income is received or becomes receivable.

Government grants

An unconditional government grant is recognised when the grant becomes receivable. Conditional government grants are recognised when there is reasonable assurance that they will be received and that the OPUS Group will comply with the conditions associated with the grant.

Grants that compensate for expenses incurred are recognised in profit or loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(f) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and foreign currency gains. Finance income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the right to receive payment is established.

Finance expenses comprise interest expense on borrowings, foreign currency losses, losses on disposal of available for sale financial assets, losses recognised on hedging instruments that are recognised in profit or loss and losses on other derivative contracts (e.g. ineffective hedges).

(g) Investments in associates

Associates are all entities over which the OPUS Group has significant influence but not control or join control.

The OPUS Group previously held 33⅓% shareholding in an associated company Denward Court Pty Limited which was deregistered from the Australian Business Register in November 2015. The investment in the associate is accounted for in the consolidated financial statements using the equity method of accounting after initially being recognised at cost.

Details relating to shareholding in this associate are set out in Note 14.

The OPUS Group's share of its associate's post-acquisition profits or losses is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the OPUS Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the OPUS Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary difference and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where there is a legally enforceable right to offset and the intention is to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

(i) Current and non-current classification

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1. Summary of significant accounting policies (continued)

(j) Parent entity financial information

The financial information for the parent entity, OPUS Group Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of OPUS Group Limited.

(ii) Tax consolidation

OPUS Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. OPUS Group Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, OPUS Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate OPUS Group Limited for any current tax payable assumed and are compensated by OPUS Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to OPUS Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. OPUS Group Limited may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the tax consolidated group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(k) Goods and services tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST (or similar), except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the relevant taxation authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(l) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor substantially retains all such risks and benefits. Where a non-current asset is acquired by means of a finance lease, the lower of the fair value of leased property and the present value of the minimum lease payments is established as a non-current asset at the beginning of the lease term and amortised on a straight-line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between the principal component and interest expense.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(l) Leases (continued)

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability. Operating lease payments net of any incentives received from lessor, are charged to the profit or loss on a straight-line basis over the period of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(m) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment losses are recognised in profit or loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

For assets other than goodwill, impairment losses recognised in prior years are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in a debtor credit rating) the reversal of the impairment is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

1. Summary of significant accounting policies (continued)

(n) Goodwill

Recognition and nature

Goodwill represents the excess of the cost of an acquisition over the fair value of the OPUS Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisition of businesses is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Impairment of goodwill

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. An impairment loss in respect of goodwill cannot be reversed.

(o) Cash and cash equivalents

For the Consolidated Statement of Cash Flow presentation purpose, cash includes deposits at call, overdrafts and short-term deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts. Cash and cash equivalents generally have a three month or shorter term.

(p) Trade receivables

Trade receivables are recognised initially at fair value, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The trade receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

Trade receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

(q) Inventories

Inventories (including work in progress) are valued at the lower of cost or net realisable value. Cost of produced inventories comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on the basis of normal operating capacity.
Costs of purchased inventory are determined after deducting rebates and discounts.

Cost of work in progress and finished manufactured products includes materials, labour and an appropriate proportion of factory overhead expenditure.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(r) Investments and other financial assets

The OPUS Group classifies its financials assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the OPUS Group's management has the positive intention and ability to hold to maturity. If the OPUS Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the OPUS Group provides goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Consolidated Statement of Financial Position.

Financial assets – reclassification

The OPUS Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the OPUS Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the OPUS Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

1. Summary of significant accounting policies (continued)

(r) Investments and other financial assets (continued)

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date (the date on which the OPUS Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the OPUS Group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income (equity). Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income (equity).

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the OPUS Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/ (losses).

Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the OPUS Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(t) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to OPUS Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(v) Property, plant and equipment

Cost and recognition

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the OPUS Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

Land is not depreciated.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated lives used for depreciation purposes are generally as follows:

Building	7 to 25 years
Leasehold improvements	2 to 25 years
Plant and equipment	2 to 20 years
Office furniture and equipment	2 to 10 years
Motor vehicles	3 to 8 years
Computer equipment	1 to 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to OPUS Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leased assets

Leased assets in terms of which the OPUS Group assumes substantially all of the risks and rewards of ownership are classified as finance lease assets. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

1. Summary of significant accounting policies (continued)

(v) Property, plant and equipment (continued)

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis or diminishing value basis over the specific useful life of the developed software.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where OPUS Group has an intention and ability to use the asset.

(w) Provisions

Provisions are recognised when the OPUS Group has a present legal or constructive obligation as a result of past events it is probable that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Provisions for legal claims, service warranties and make good obligations are recognised when OPUS Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Make good provision

OPUS Group is required to restore the leased premises of its offices, factories and warehouses to their original condition at the end of the respective lease terms. A provision has been recognised for the estimated expenditure required to remove any leasehold improvements.

(x) Performance and financial guarantees

Performance guarantees are considered to be insurance arrangements and are accounted for as such. In this respect performance guarantees are treated as a contingent liability until such a time it becomes probable that the OPUS Group will be required to make a payment under the guarantee.

In respect of financial guarantee contracts, where the guarantor has previously asserted explicitly that is regards its financial guarantee contracts as insurance contracts and has previously accounted for them as such, then the guarantor has an accounting policy choice on a contract by contract basis. This accounting policy choice allows the guarantor to account for the financial guarantee as an insurance contract under AASB 4 *Insurance Contracts* or otherwise to recognise financial guarantee contracts as a financial liability at the time the guarantee is issued in accordance with AASB 139 *Financial Instruments: Recognition and Measurement.*

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

All financial guarantees are intra-group and eliminated on consolidation.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(y) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for an amount expected to be paid under short-term cash bonus or profit sharing plans if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other short-term employee benefit obligations are presented as payables.

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as they are due.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operations, are recognised when a detailed plan has been developed and a valid expectation has been raised with those employees affected, that the termination will be carried out. The liabilities for termination benefits are recognised in other creditors unless timing of the payment is uncertain, in which case they are recognised as provisions. Liabilities for termination benefits related to an acquired entity or operation that arises as a consequence of acquisitions are recognised as at the date of acquisition if, at or before acquisition date, the main features of the terminations were planned and a valid expectation had been raised with those employees affected, that the terminations would be carried out and this is supported by a detailed plan.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(z) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any OPUS Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or re-issued. Where such ordinary shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the owners.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ab) Profits reserve

A profits reserve has been created representing profits of controlled entities within OPUS Group transferred to a separate reserve to preserve their profit character. Such profits are available to enable payment of franked dividends in future years.

(ac) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(ad) Rounding of amounts

OPUS Group Limited is a company of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission. This Class Order relates to the ‘rounding off’ of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ae) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Notes to the Consolidated Financial Statements for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(ae) Fair value measurement (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(af) Critical accounting estimates and assumptions

The OPUS Group makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Employee benefits provision

As discussed in note 1(y), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The OPUS Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the OPUS Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable earnings in future periods, are based on forecasted taxable income.

Share-based payment transactions

The OPUS Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

1. Summary of significant accounting policies (continued)

(af) Critical accounting estimates and assumptions (continued)

Make good provision

A provision has been made for the anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Consolidated Statement of Financial Position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(ag) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by OPUS Group for the annual reporting period ended 31 December 2015. OPUS Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to OPUS Group, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) “Financial Instruments: Recognition and Measurement”. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 “Hedge Accounting” supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. OPUS Group will adopt this standard and the amendments from 1 January 2018 and the impact of its adoption is yet to be assessed by OPUS Group.

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments are applicable to annual reporting periods beginning on or after 1 January 2016. AASB 2014-4 amends AASB 116 and AASB 138 to clarify that depreciation and amortisation should be based on the expected pattern of consumption of an asset, that the use of revenue based methods to calculate depreciation is not appropriate, and that there is a rebuttable presumption that revenue is an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset. The adoption of these amendments from 1 January 2016 will not have a material impact on the OPUS Group.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

1. Summary of significant accounting policies (continued)

(ag) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

AASB 15 Revenue from Contracts with Customers

This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. OPUS Group will adopt this standard from 1 January 2018 and the impact of its adoption is yet to be assessed by OPUS Group.

2. Profit / (loss) per share

	Consolidated	
	Year ended 31 Dec 2015	**Six months ended 31 Dec 2014**
Basic profit / (loss) per share (cents ¢)	12.50	(21.67)
Diluted profit / (loss) per share (cents ¢)	12.04	(21.67)

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	**Six months ended 31 Dec 2014 AUD$'000s**
Profit / (loss) used in calculating basic and diluted earnings per share	12,047	(8,771)
	'000s	**'000s**
Weighted average number of ordinary shares used as the denominator in calculating the basic profit / (loss) per share	96,414	40,473
Adjustments for calculation of diluted earnings per share:		
Share options	3,670	-
Weighted average number of ordinary shares used as the denominator in calculating the diluted profit / (loss) per share	100,084	40,473

Details relating to share options are set out in Note 23.

3. Financial risk management

The OPUS Group's activities expose it to financial risks such as currency risk, interest rate risk, credit risk and liquidity risk. The OPUS Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the OPUS Group. The OPUS Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

The OPUS Group holds the following financial instruments:

31 December 2015	Financial assets AUD$'000s	Non-derivatives AUD$'000s	Total carrying amount AUD$'000s	Fair value AUD$'000s
Assets				
Trade and other receivables	16,825	-	16,825	16,825
Current assets - other	1,775	-	1,775	1,775
Cash and cash equivalents	11,459	-	11,459	11,459
Total financial assets	30,059	-	30,059	30,059
Liabilities				
Finance leases	-	151	151	151
Trade and other payables	-	13,264	13,264	13,264
Amount due to fellow subsidiary	-	700	700	700
Total financial liabilities	-	14,115	14,115	14,115

31 December 2014	Financial assets AUD$'000s	Non-derivatives AUD$'000s	Total carrying amount AUD$'000s	Fair value AUD$'000s
Assets				
Trade and other receivables	15,493	-	15,493	15,493
Current assets – other	1,268	-	1,268	1,268
Cash and cash equivalents	7,119	-	7,119	7,119
Total financial assets	23,880	-	23,880	23,880
Liabilities (non-current)				
Finance leases	-	979	979	979
Total non-current liabilities	-	979	979	979
Liabilities (current)				
Loans and borrowings	-	1,900	1,900	1,900
Deferred consideration	-	698	698	698
Finance leases	-	1,139	1,139	1,139
Trade and other payables	-	14,759	14,759	14,759
Total current liabilities	-	18,496	18,496	18,496
Total financial liabilities	-	19,475	19,475	19,475

(a) Foreign exchange risk

The OPUS Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies applicable to each entity. The currencies in which transactions are primarily denominated are Australian Dollars ("AUD$"), New Zealand Dollars ("NZD$") Singapore Dollars ("SGD$") and US Dollars ("USD$"). Management evaluates their foreign currency risk using cash flow forecasts with the objective of keeping its exposure to a minimum. The OPUS Group may in certain circumstances use forward exchange contracts to hedge its foreign currency risk. When used, the contracts would normally have maturities of less than one year at reporting date. The OPUS Group does not hold or issue financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

3. Financial risk management (continued)

(a) Foreign exchange risk (continued)

The carrying amount of OPUS Group's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2015 AUD$'000	2014 AUD$'000	2015 AUD$'000	2014 AUD$'000
New Zealand dollars	1,134	1,890	931	2,849
Singapore dollars	2,720	3,096	1,384	2,911
US dollars	4,788	229	57	-
Chinese Yuan	32	-	-	-
Hong Kong dollars	-	-	23	-
Pound Sterling	109	27	-	-
	8,783	5,242	2,395	5,760

OPUS Group had net assets denominated in foreign currencies of $6,388,000 (assets $8,783,000 less liabilities $2,395,000) as at 31 December 2015 (2014: net liabilities $518,000 (assets $5,242,000 less liabilities $5,760,000)).

Sensitivity Analysis

OPUS Group had net assets denominated in foreign currencies of $6,388,000 (assets $8,783,000 less liabilities $2,395,000) as at 31 December 2015 (2014: net liabilities $518,000 (assets $5,242,000 less liabilities $5,760,000)). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 5% (2014: weakened by 10% / strengthened by 5%) against these foreign currencies with all other variables held constant, OPUS Group's profit before income tax for the year / period would have been $411,000 lower / $773,000 higher (Six months ended 31 December 2014: loss $52,000 lower / $26,000 higher) and equity would have been no change (Six months ended 31 December 2014: Nil). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain / (loss) for the year ended 31 December 2015 was $59,000 (Six months ended 31 December 2014: loss of $69,000).

(b) Interest rate risk

Interest rate risk arises both where payments of floating interest are made and where the OPUS Group has fixed interest rate borrowings compared to the market. The OPUS Group monitors the current market rates and evaluates on an ongoing basis whether to borrow at fixed or floating rates with the objective of minimising interest payable.

The OPUS Group's main interest rate risk arises from cash at bank. Cash at bank at variable rates expose the OPUS Group to interest rate risk. Finance leases issued at fixed rates expose the OPUS Group to fair value risk. As at 31 December 2015, the OPUS Group has no interest bearing liabilities issued at floating rate (2014: $1,900,000).

In July 2014, OPUS Group issued a promissory note of $1,900,000 to Commonwealth Bank of Australia ("CBA") carrying interest at 6% p.a. with a repayment date on 31 July 2015 in accordance to the CBA debt novation deed. This was repaid on 30 January 2015.

Sensitivity Analysis

In managing interest rate and currency risks the OPUS Group aims to reduce the impact of short-term fluctuations on OPUS Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit or loss. At 31 December 2015 it is estimated that an increase of one percentage point (Six months ended 31 December 2014: increase of one percentage point) in interest rates would increase OPUS Group's profit / (loss) before income tax for the year / period by approximately $77,000 profit (Six months ended 31 December 2014: loss increase $45,000).

3. Financial risk management (continued)

(c) Credit risk

Credit risk arises on financial assets where customers are given credit terms. In order to minimise credit exposure, management has a credit policy in place under which each new customer is individually analysed for credit worthiness before services are offered. The OPUS Group's exposure to credit risk is mainly influenced by its customer base. Credit risk is measured by estimating losses incurred at each reporting date based on historical experience.

The carrying amount of financial assets represents the OPUS Group's maximum credit exposure.

OPUS Group's maximum exposure to credit risk for trade receivables by geographic regions is as follows:

	Carrying Amount	
	2015 AUD$'000s	**2014 AUD$'000s**
New Zealand	522	1,132
Australia	15,123	12,253
Singapore	2,028	2,342
Trade receivables (gross)	17,673	15,727
Less: Allowances for doubtful debts	(848)	(234)
Net trade receivables	16,825	15,493

The ageing analysis of allowance for doubtful debts is as follows:

	2015 AUD$'000s	**2014 AUD$'000s**
31-60 days over standard terms	218	62
61+ days over standard terms	630	172
Allowance for doubtful debts	848	234

The status of net trade receivables at the reporting date is as follows:

	2015 AUD$'000s	**2014 AUD$'000s**
Neither past due, nor impaired		
Current	10,154	9,720
Past due, but not impaired		
1-30 days over standard terms	4,184	4,131
31-60 days over standard terms	1,866	1,101
61+ days over standard terms	621	541
Net trade receivables	16,825	15,493

(d) Liquidity risk

Liquidity risk represents the OPUS Group's ability to meet its contractual obligations. The OPUS Group evaluates its liquidity requirements on an ongoing basis using cash flow forecasting. In general, the OPUS Group generates sufficient cash flows from its operating activities and holds and retains cash to meet its obligations arising from its financial liabilities.

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Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

3. Financial risk management (continued)

(d) Liquidity risk (continued)

The following table sets out the contractual cash flows for all financial liabilities at the reporting date:

	Statement of financial position AUD$'000s	Contractual cash flows AUD$'000s	0-1 years AUD$'000s	1-5 years AUD$'000s	More than 5 years AUD$'000s
31 Dec 2015					
Finance lease liabilities	151	157	157	-	-
Amount due to fellow subsidiary	700	700	700	-	-
Trade and other payables	13,264	13,264	13,264	-	-
Total financial liabilities	14,115	14,121	14,121	-	-
31 Dec 2014					
Finance lease liabilities	2,118	2,284	1,259	1,025	-
Secured loans	1,900	1,957	1,957	-	-
Amount due to fellow subsidiary	4	4	4	-	-
Trade and other payables	14,759	14,759	14,759	-	-
Total financial liabilities	18,781	19,004	17,979	1,025	-

(e) Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(f) Capital management

The OPUS Group's capital employed includes share capital, reserves and retained earnings, bank debt and borrowings and finance lease liabilities.

The OPUS Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the OPUS Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The OPUS Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments' operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The OPUS Group's policies in respect of capital management and allocation are reviewed regularly by the Directors and did not change during the year.

3. Financial risk management (continued)

(f) Capital management (continued)

Asset and capital structure (as at the reporting date)

	2015 AUD$'000s	2014 AUD$'000s
Total current assets	37,434	29,925
Total current liabilities	(20,986)	(24,611)
Net current assets	16,448	5,314
Cash:		
Bank debt and borrowings *	-	(1,900)
Finance lease liabilities	(151)	(2,118)
Cash and cash equivalents	11,459	7,119
Net cash	11,308	3,101
Total equity	27,649	16,267

* Bank debt and borrowings excludes off balance sheet bank guarantees and letters of credit.

The financial position of OPUS Group continues its improvement after the recapitalisation transaction in late 2014. As at 31 December 2015, OPUS Group had total equity of $27,649,000 (2014:$16,267,000).

There is net working capital of $16,448,000 (2014: $5,314,000). The current ratio is 1.8 (2014: 1.2). OPUS Group has cash at period end of $11,459,000 (2014: $7,119,000). The only interest bearing liability is the finance lease liabilities of $151,000 (2014: total bank debt and finance lease liabilities $4,018,000). During the year, OPUS Group repaid the promissory note of $1,900,000 plus accrued interest to Commonwealth Bank. OPUS Group's gearing ratio, which is calculated on the basis of the total interest-bearing debts over the total equity, is 1% (2014: 25%).

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board and the Chief Executive Officer ("CEO").

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker as defined above that are used to make strategic decisions.

These individuals review the business primarily from a product and service offering perspective and have identified two distinct operating segments: Publishing Services and Outdoor Media.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

4. Segment reporting (continued)

(a) Description of segments (continued)

Publishing Services

The Publishing Services Division provides digital and offset printing, and other ancillary business services including digital asset management, content management, back catalogue fulfilment, direct to consumer distribution and warehousing, variable data and intelligent mailing.

The division has short run, medium and long run production capabilities and in-house finishing.

The Publishing Services Division also has a business services model that enables the efficient and seamless content creation to consumption for the Federal government, government departments and agencies. This includes webhosting, electronic fulfilment, printing on demand and digital asset management. These capabilities have been extended to the publishing sector as well.

Outdoor Media

The Outdoor Media Division produces and distributes outdoor advertising material and corporate signage for the outdoor advertising industry and corporate signage market. The majority of the work performed by the Outdoor Media Division consists of billboards and posters and requires a rapid turnaround to meet strict advertising campaign deadlines.

(b) Segment revenue

Sales between segments are carried out on an arm's length basis and are eliminated on consolidation. The revenue from external parties reported is measured in a manner consistent with that in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The revenue by geographic location is not used by the Chief Operating Decision Maker in reviewing the performance of the CGU. The Board considered the cost to develop it would be excessive.

(c) Intersegment transactions

Sales between segments are carried out arm’s length and are eliminated on consolidation.

(d) EBITDA as monitored by the Board and Senior Management

The Chief Operating Decision Maker assess the performance of the operating segments based on a measure of EBITDA as monitored by the Board and Senior Management (“EBITDA”). This measure is consistent with the presentation of financial information internally for management accounts purposes.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

4. Segment reporting (continued)

(d) EBITDA as monitored by the Board and Senior Management (continued)

A reconciliation of EBITDA to the profit / (loss) before income tax per the Consolidated Statement of Profit or Loss and Other Comprehensive Income is as follows:

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s (restated)
EBITDA on ordinary activities	13,697	1,950
Depreciation and amortisation	(3,685)	(2,848)
Finance income	77	26
Finance costs	(290)	(1,580)
Impairment of goodwill	-	(17,070)
Impairment of property, plant and equipment	-	(12,023)
Debt forgiveness (net)	-	23,692
Profit / (loss) before income tax per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	9,799	(7,853)

Finance revenue and costs are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the OPUS Group.

(e) Segment information

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s
Publishing Services	94,963	46,384
Outdoor Media	20,502	11,585
Total revenue	115,465	57,969

Year ended 31 Dec 2015	Publishing Services AUD$'000s	Outdoor Media AUD$'000s	Others AUD$'000s	Inter-segment eliminations AUD$'000s	Total AUD$'000s
Total external revenue	94,963	20,502	-	-	115,465
Inter-segment sales	-	306	-	(306)	-
Other income	2,111	1,622	(16)	-	3,717
Operating expenses	(83,885)	(18,123)	(3,783)	306	(105,485)
EBITDA	13,189	4,307	(3,799)	-	13,697

Six months ended 31 Dec 2014	Publishing Services AUD$'000s (restated)	Outdoor Media AUD$'000s (restated)	Others AUD$'000s (restated)	Inter-segment eliminations AUD$'000s (restated)	Total AUD$'000s (restated)
Total external revenue	46,384	11,585	-	-	57,969
Other income	480	2	23,692	-	24,174
Operating expenses	(43,469)	(9,662)	(27,062)	-	(80,193)
EBITDA	3,395	1,925	(3,370)	-	1,950

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

4. Segment reporting (continued)

(f) Others

The "Others" column represents unallocated OPUS Group and Corporate costs.

(g) Segment assets and liabilities

The amounts provided to the Chief Operating Decision Maker with respect to total assets and total liabilities are not reported by operating segment. The Chief Operating Decision Maker does not receive information about the geographical locations of the segment assets and liabilities.

5. Other income and debt forgiveness

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	**Six months ended 31 Dec 2014 AUD$'000s**
Consideration of disposal of outdoor media business in New Zealand	1,954	-
Carrying amount of net asset disposed	(248)	-
Gain on disposal of outdoor media business in New Zealand	1,706	-
Scrap recoveries	725	373
Gain on disposal of assets	633	-
Insurance compensation	146	-
Government grants	72	-
Reversal of impairment of investment in associate – Note 14	42	-
Share of net profit of associate - Note 14	-	21
Other	393	88
Total other income	3,717	482
Gain on debt forgiven by 1010 Group	-	28,502
Share options issued to 1010 Group	-	(4,810)
Debt forgiveness (net)	-	23,692

6. Employee benefits expense

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s
Salaries, wages and other staff costs	34,616	20,013
Superannuation	2,553	1,235
Total employee benefits expense per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	37,169	21,248

OPUS Group Limited and its Controlled Entities contribute to a number of superannuation funds. The funds provide benefits on a cash accumulation basis for employees or their dependants on resignation, retirement, total and permanent disablement or death. Benefits are based on the contributions and net income thereon held by the funds on behalf of their members. The level of these benefits varies according to the fund to which the employee belongs. OPUS Group contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to OPUS Group contributions, as specified by the rules of the fund. OPUS Group contributions to employee superannuation funds within continuing operations during the year totalled $2,553,000 (Six months ended 31 December 2014: $1,235,000).

7. Expenses

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s
Bad debts expense	-	82
Provision for impairment of trade receivables	614	54
Realised foreign exchange (gain) / loss	(59)	69
Minimum lease payments related to operating leases	3,806	1,871

8. Income tax

(a) Income tax (benefit) / expense

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s
Current tax expense	795	579
Deferred tax benefit	(2,970)	(494)
(Over) / under provision in prior years	(73)	833
Total income tax (benefit) / expense	(2,248)	918
Deferred income tax included in income tax *(benefit) / expense* comprises:		
Increase in deferred tax assets – Note 18	(3,065)	-
Increase in deferred tax liabilities – Note 18	95	(494)
	(2,970)	(494)

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

8. Income tax (continued)

(b) Reconciliation of current income tax (benefit) / expense

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s
Profit / (loss) before income tax	9,799	(7,853)
Income tax using the OPUS Group's domestic rate of tax (30%)	2,940	(2,356)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net profit in associate	(13)	(6)
Non-deductible impairment losses	-	5,024
Non-assessable debt forgiveness	-	(7,108)
Non-assessable items of a capital nature	(565)	-
Additional capital allowance	(102)	-
Foreign exchange differences on consolidation of New Zealand entities	-	343
Previously unrecognised tax losses now recouped to reduce current tax expense	(1,346)	-
Recognition of tax effect of previously unrecognised temporary differences	(2,821)	-
(Over) / under provision in prior years	(73)	833
Tax rate difference in overseas entities	(365)	327
Other	16	(7)
Current year / period tax losses not recognised	147	1,139
Current year / period temporary differences not recognised	(66)	2,729
Total income tax (benefit) / expense	(2,248)	918

(c) Tax losses

	Consolidated	
	31 Dec 2015 AUD$'000s	31 Dec 2014 AUD$'000s
Unused tax losses for which no deferred tax asset has been recognised	529	4,487
Potential tax benefit @ 28% *	147	-
Potential tax benefit @ 30%	-	1,346
Potential tax benefit at jurisdiction tax rates	147	1,346

* New Zealand jurisdiction tax rate

Australian tax losses from prior years have been offset against current year taxable income as allowed under tax legislation.

Tax losses for which no deferred tax asset has been recognised in 2014 relate to the Australian tax jurisdiction. Tax losses related to New Zealand in 2015 is not likely to be recovered in the foreseeable future and hence have not been recognised.

8. Income tax (continued)

(d) Franking credits

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
Franking credits available for subsequent financial years based on a tax rate of 30%	23,761	24,133

The above amounts represent the balance of the Australian franking account as at the end of the financial year / period, adjusted for franking credits which are expected to arise from the payment of current tax liabilities.

9. Auditors' remuneration

During the year / period the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	Consolidated	
	Year ended 31 Dec 2015 AUD$	**Six months ended 31 Dec 2014 AUD$**
Audit services		
BDO East Coast Partnership - Audit and review of financial reports of OPUS Group	173,550	97,500
Other BDO network firms- Audit and review of financial reports and other audit work for OPUS Group's New Zealand and Singapore businesses	69,258	58,804
Total BDO remuneration for audit services	242,808	156,304
Tax services		
BDO East Coast Partnership	45,315	40,000
Other BDO network firms-Tax services for OPUS Group's Singapore business	14,644	-
Total BDO remuneration for tax services	59,959	40,000

The remuneration for services disclosed above only includes fees paid to auditors whilst they were appointed as auditors to the Company or its subsidiaries.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

10. Current assets – cash and cash equivalents

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
Cash on hand and at bank	11,459	7,119

Reconciliation of net cash provided by operating activities to operating profit / (loss) after income tax:	**Year ended 31 Dec 2015 AUD$**	**Six months ended 31 Dec 2014 AUD$**
Operating profit / (loss) after income tax	12,047	(8,771)
Share of profit of associate	-	(21)
Bank overdraft transferred to holding company	-	1,500
Unrealised foreign exchange (gain) / loss	(18)	644
Depreciation and impairment of property, plant and equipment	3,685	14,871
Impairment of goodwill	-	17,070
Reversal of impairment of investment in associate	(42)	-
Provision for impairment of receivables	614	82
Provision for impairment of inventories	448	2
Gain / (loss) on disposal of assets	(633)	12
Gain on disposal of outdoor media business in New Zealand	(1,706)	-
Overprovision of deferred consideration for Blue Star acquisition	(158)	-
Debt forgiveness (net)	-	(23,692)
Operating assets and liabilities		
Increase in trade and other receivables	(2,986)	(1,933)
Increase in inventories	(1,593)	(667)
(Decrease) / increase in trade and other payables	(779)	4
Increase / (decrease) in employee entitlements	600	(706)
Increase in amount due to fellow subsidiary	696	-
Increase in provisions	915	-
(Decrease) / increase in tax payable	(551)	1,145
Increase in deferred tax balances	(3,009)	(504)
Net cash inflows / (outflows) from operating activities	7,530	(964)

11. Current assets – trade and other receivables

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
Trade receivables	17,673	15,727
Less: Allowance for doubtful debts	(848)	(234)
Total trade and other receivables	16,825	15,493

11. Current assets – trade and other receivables (continued)

Movements in the provision for impairment of trade and other receivables are as follows:

	Consolidated 2015 AUD$'000s	Consolidated 2014 AUD$'000s
Opening balance	234	180
Additional provisions recognised	614	54
Closing balance	848	234

12. Current assets – inventories

	Consolidated 2015 AUD$'000s	Consolidated 2014 AUD$'000s
Raw materials	4,757	3,631
Spare parts	399	456
Work in progress	1,369	1,127
Finished goods	633	994
Less: Provision for inventory obsolescence	(728)	(808)
Total inventories	6,430	5,400

Movements in the provision for impairment of inventories are as follows:

	Consolidated 2015 AUD$'000s	Consolidated 2014 AUD$'000s
Opening balance	808	806
Additional provisions recognised	448	2
Written off during the year / period	(528)	-
Closing balance	728	808

13. Current assets – other

	Consolidated 2015 AUD$'000s	Consolidated 2014 AUD$'000s
Sundry debtors	173	332
Prepayments	945	645
Deposits	1,602	936
Total other current assets	2,720	1,913

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

14. Non-current assets – investments accounted for using the equity method

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
Shares in associate	-	333

OPUS Group previously held 33⅓% shareholding in an associate company Denward Court Pty Limited ("Denward Court") which is incorporated in Australia and whose principal activity is trade print finishing. The investment in the associate is accounted for in the consolidated financial statements using the equity method of accounting after initially being recognised at cost.

In November 2015, Denward Court was deregistered from the Australian Business Register.

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
(a) Movements in carrying amount		
Carrying amount at the beginning of the financial year / period	333	611
Share of profit after income tax	-	21
Dividends received	(375)	(299)
Add: reversal of impairment loss	42	-
Carrying amount at the end of the financial year / period	-	333
(b) Share of associate's profit		
Profit before income tax	-	21

OPUS Group has not recognised losses $280,000 (Six months ended 31 December 2014: Nil) in relation to its interests in associates, because OPUS Group has no obligation in respect of these losses.

(c) Summarised financial information of associate

Group's share of:

	Assets AUD$'000s	**Liabilities AUD$'000s**	**Revenues AUD$'000s**	**(Loss) / Profits AUD$'000s**
Year ended 31 December 2015	-	-	13	(280)#
Six months ended 31 December 2014	405	31	499	21*

#Loss shared for the period from 1 October 2014 up to deregistration

*Profit shared as per 30 September 2014 accounts

15. Particulars in relation to controlled entities

	Country of Incorporation
OPUS Group Limited	Australia
Wholly owned subsidiaries of OPUS Group Limited	
Cactus Imaging Holdings Pty Limited *	Australia
Cactus Imaging Pty Limited *	Australia
OPUS Group (Australia) Pty Limited *	Australia
Ligare Pty Limited *	Australia
CanPrint Holdings Pty Limited *	Australia
Union Offset Co. Pty Limited *	Australia
CanPrint Communications Pty Limited *	Australia
Integrated Print And Logistics Management Pty Limited *	Australia
McPherson's Printing Pty Limited *	Australia
OPUS Group NZ Holdings Limited	New Zealand
Cactus Imaging Holdings Limited (formerly known as Omnigraphics Limited)	New Zealand
Cactus Imaging Limited	New Zealand
F'Digital Limited#	New Zealand
F'Displays Limited#	New Zealand
Ligare Limited	New Zealand
C.O.S. Printers Pte Limited	Singapore

* These subsidiaries have been granted relief from the necessity to prepare Financial Reports and Directors' Reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to Note 29.

\# Deregistered in February 2016.

All investments represent 100% ownership interest at reporting date (2014:100%).

Notes to the Consolidated Financial Statements
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16. Non-current assets – property, plant and equipment

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
Freehold land and buildings		
At cost	2,633	2,633
Accumulated depreciation and impairment losses	(959)	(657)
Total Freehold land and buildings	1,674	1,976
Leasehold improvements		
At cost	1,571	2,097
Accumulated depreciation and impairment losses	(1,398)	(1,764)
Total leasehold improvements	173	333
Total property assets	1,847	2,309
Plant and equipment		
At cost	67,214	71,558
Accumulated depreciation and impairment losses	(61,466)	(63,166)
Total plant and equipment	5,748	8,392
Office furniture and equipment		
At cost	1,072	951
Accumulated depreciation and impairment losses	(818)	(849)
Total office furniture and equipment	254	102
Motor vehicles		
At cost	695	858
Accumulated depreciation and impairment losses	(546)	(734)
Total motor vehicles	149	124
Computer equipment		
At cost	4,824	5,074
Accumulated depreciation and impairment losses	(4,639)	(4,707)
Total computer equipment	185	367
Total property, plant and equipment	8,183	11,294

(a) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year / period are set out below:

	Land and buildings AUD$'000s	Plant and equipment AUD$'000s	Office furniture and equipment AUD$'000s	Motor Vehicles AUD$'000s	Leasehold improvements AUD$'000s	Computer equipment AUD$'000s	Total AUD$'000s
Carrying amount							
Opening balance 1 Jan 2015	1,976	8,392	102	124	333	367	11,294
Other additions	-	538	186	66	44	43	877
Disposals	-	(307)	(1)	-	(4)	(17)	(329)
Effect of movements in exchange rates	-	13	2	7	-	4	26
Depreciation for the year	(302)	(2,888)	(35)	(48)	(200)	(212)	(3,685)
Closing balance 31 Dec 2015	1,674	5,748	254	149	173	185	8,183

16. Non-current assets – property, plant and equipment (continued)

(a) Reconciliations (continued)

	Land and buildings AUD$'000s	Plant and equipment AUD$'000s	Office furniture and equipment AUD$'000s	Motor Vehicles AUD$'000s	Leasehold improvements AUD$'000s	Computer equipment AUD$'000s	Total AUD$'000s
Carrying amount							
Opening balance 1 Jul 2014	2,155	20,449	281	96	690	1,220	24,891
Other additions	-	766	16	58	15	79	934
Disposals	-	(10)	(2)	-	-	-	(12)
Effect of movements in exchange rates	-	322	8	7	5	10	352
Depreciation for the period	(94)	(2,390)	(27)	(24)	(63)	(250)	(2,848)
Impairment loss	(85)	(10,745)	(174)	(13)	(314)	(692)	(12,023)
Closing balance 31 Dec 2014	1,976	8,392	102	124	333	367	11,294

(b) Impairment

During the year, no impairment losses (Six months ended 31 December 2014: $12,023,000) were recognised. The impairment was a result of changing technology of the machines and conditions of the machines which indicate that the carrying amount may not be recoverable. The useful lives of existing machines were also reassessed based on their physical condition and OPUS Group's capital replacement plan.

(c) Finance Leases

The OPUS Group leases certain printing assets under finance lease agreements. The net carrying amount of these assets at 31 December 2015 is $288,000 (2014: $561,000). The leased printing assets secure the subgroups lease obligation.

17. Non-current assets – intangibles

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
Goodwill	-	-
Total intangibles	-	-

Reconciliations

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the financial year / period are set out below:

Carrying amount	Consolidated Goodwill AUD$'000s
Balance at 1 July 2014	16,779
Effect of movements in exchange rates	291
Less : Impairment provision	(17,070)
Balance at 31 December 2014 and 2015	-
Cost at 1 July 2014	55,158
Accumulated amortisation and impairment losses	(55,158)
Net book amount at 31 December 2014 and 2015	-

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

18. Non-current – deferred tax balances

Deferred tax assets

	Consolidated 2015 AUD$'000s	Consolidated 2014 AUD$'000s
Deferred tax assets are attributable to the following:		
Property, plant and equipment	244	-
Employee benefits	1,636	-
Make good provision	275	-
Provision for inventory obsolescence	213	-
Others	697	-
Net deferred tax assets	3,065	-

Movements

	Plant and equipment AUD$'000s	Employee benefits AUD$'000s	Make good provision AUD$'000s	Tax losses AUD$'000s	Provision for inventory obsolescence AUD$'000s	Others AUD$'000s	Total AUD$'000s
Opening balance 1 January 2015	-	-	-	-	-	-	-
Recognition of tax effect of previously unrecognised temporary differences – Note 8(b)	744	1,462	-	-	237	498	2,941
Previously unrecognised tax losses now recouped to reduce current tax expense – Note 8(b)	-	-	-	1,346	-	-	1,346
Charged to profit or loss - Note 8(b)	(500)	174	275	(1,346)	(24)	199	(1,222)
Closing balance 31 December 2015	244	1,636	275	-	213	697	3,065

Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the OPUS Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable earnings in future periods, are based on forecasted taxable income. At 31 December 2015, the Group had not recognised a deferred tax asset of $336,000 (31 Dec 2014: $5,081,000), which includes tax losses of $147,000 (31 Dec 2014: $1,346,000) and temporary differences of $189,000 (31 Dec 2014: $3,735,000) in the New Zealand business (31 Dec 2014: Australian and New Zealand businesses) as they are not likely to be recovered in the foreseeable future.

Deferred tax liabilities

	Consolidated 2015 AUD$'000s	Consolidated 2014 AUD$'000s
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	71	104
Inventories	81	-
Other	1	(4)
Total deferred tax liabilities	153	100

18. Non-current – deferred tax balances (continued)

Movements

	Plant and equipment AUD$'000s	Inventories AUD$'000s	Others AUD$'000s	Total AUD$'000s
Opening balance 1 July 2014	540	-	64	604
Charged to profit or loss - Note 8(a)	(484)	-	(10)	(494)
Effect of movements in exchange rates	48	-	(58)	(10)
Closing balance 31 December 2014	104	-	(4)	100
Over provision in prior years	(39)	-	-	(39)
Recognition of tax effect of previously unrecognised temporary differences – Note 8(b)	-	95	25	120
Charged to profit or loss - Note 8(b)	8	(14)	(19)	(25)
Effect of movements in exchange rates	(2)	-	(1)	(3)
Closing balance 31 December 2015	71	81	1	153

19. Current liabilities – trade and other payables

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
Trade creditors	7,867	10,617
Other creditors	802	565
Sundry provisions and accruals	4,539	2,922
Receipt in advance	249	140
Amortisation of rent free period	231	116
Provision for PAYE/PAYG	56	55
GST payable	144	344
Total trade and other payables	13,888	14,759

20. Interest bearing liabilities

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
Non-current liabilities		
Finance leases	-	979
Total non-current interest bearing liabilities	-	979
Current Liabilities		
Unsecured promissory note	-	1,900
Finance leases	151	1,139
Total current interest bearing liabilities	151	3,039
Total interest bearing liabilities	151	4,018

Notes to the Consolidated Financial Statements for the year ended 31 December 2015

20. Interest bearing liabilities (continued)

CBA debt financing

In 2014, a promissory note of $1,900,000 was issued to CBA as part of the recapitalisation. The promissory note carried interest at 6% p.a. with a repayment date of 31 July 2015 and was repaid on 30 January 2015.

Unused facilities

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
Fixed rate - expiring within one year (working capital facilities)	7,000	-
Floating rate - expiring within one year (guarantee facilities, corporate cards etc.)	272	-
Fixed rate - expiring beyond one year	-	7,000
	7,272	7,000

21. Employee benefits

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
Employee benefits liability for annual leave and time in lieu	2,571	2,364
Employee benefits liability for long service leave – current	2,505	2,025
Total current employee benefits	5,076	4,389
Employee benefits liability for long service leave – non-current	448	614
Total non-current employee benefits	448	614
Total employee benefits	5,524	5,003

Employee benefits liability

The current provision for employee benefits includes accrued annual leave, time in lieu and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The entire amount is classified as current, since the OPUS Group does not have an unconditional right to defer settlement. Based on past experience the OPUS Group does not expect all employees to take the full amount of leave or require payment within 12 months. At 31 December 2015 management estimate that approximately $1,922,000 (Six months ended 31 December 2014: $1,625,000) of the above current employee entitlement provision will not be taken within 12 months.

22. Provisions

	Consolidated	
	2015 AUD$'000s	**2014 AUD$'000s**
Deferred consideration for Blue Star acquisition	-	698
Total current provisions	-	698
Make good provision	915	-
Total non-current provisions	915	-
Total provisions	915	698

22. Provisions (continued)

Deferred consideration

The deferred consideration is contingent on revenues generated from Blue Star customers using a contractual formula to assess the contribution of customers which were shared by the two entities. Settlement of the consideration for the acquisition is occur on a deferred basis over a two years period, based on the actual revenue contribution with minimum thresholds in place.

23. Share capital

	Consolidated		Consolidated	
	2015 Shares	**2014 Shares**	**2015 AUD$'000s**	**2014 AUD$'000s**
Ordinary shares				
Fully paid	96,413,596	151,122,255	70,594	43,130
Share consolidation 10:1	-	(136,008,626)	-	-
Issued and fully paid during the year / period	-	81,299,967	-	27,464
Fully paid	96,413,596	96,413,596	70,594	70,594

Movements in ordinary share capital

	Consolidated	
Details	**Number of Shares**	**AUD$'000s**
Opening balance 1 July 2014	151,122,255	43,130
Share consolidation 10 to 1	(136,008,626)	-
Issued and fully paid @$0.35	81,299,967	28,456
Less: Transaction costs arising on shares issued	-	(992)
Closing balance	96,413,596	70,594

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the there is no limit on the amount of authorised capital.

On 4 September 2014, OPUS Group signed a recapitalisation program deed with 1010 Group and a placement agreement with Wilson HTM Corporate Finance Limited. The recapitalisation plan was approved by shareholders of OPUS Group on 24 October 2014 and completed on 3 November 2014. 1010 Group converted $20,880,000 of the novated CBA loan to equity in OPUS Group and forgave the balance of the loan. OPUS Group issued to 1010 Group 59,657,143 fully paid shares and 20 million options to subscribe for 20 million shares of OPUS Group at a total exercise price of $7,000,000 ($0.35 each), exercisable at any time up to and including 30 September 2017.

OPUS Group also issued 8,571,429 shares to Mr Celarc, an Executive Director, 11,428,571 shares to professional investors and 1,642,824 shares to existing shareholders, raising total of $7,575,000.

On 24 October 2014, a resolution was passed to consolidate the Company's shareholding on the basis of 1 for every 10 shares.

Share options outstanding at the end of the year have the following expiry date and exercise price.

2014

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
3/11/2014	30/09/2017	$0.35	20,000,000	-	-	-	20,000,000

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

23. Share capital (continued)

For the options granted in November 2014, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
3/11/2014	30/09/2017	$0.38	$0.35	119.86%	0%	2.65%	$0.2405

The fair value of the option grant was charged as part of the overall debt forgiveness benefit.

24. Reserves and accumulated losses

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
(a) Reserves		
Hedging reserve – cash flow hedges	-	-
Foreign currency translation reserve	3,998	3,699
Share option reserve	4,810	4,810
	8,808	8,509
Hedging reserve – cash flow hedges		
Opening balance	-	(922)
Changes in fair value of cash flow hedges net of tax	-	922
Closing balance	-	-
Foreign currency translation reserve		
Opening balance	3,699	2,317
Exchange differences on the translation of internal borrowings	-	6,610
Exchange differences on the translation of foreign operations	299	(5,228)
Closing balance	3,998	3,699
Share option reserve		
Opening balance	4,810	-
Movement during year / period	-	4,810
Closing balance	4,810	4,810
(b) Profits reserve		
Opening balance	-	-
Profit after income tax	12,047	-
Dividend paid	(964)	-
Closing balance	11,083	-
(c) Accumulated losses		
Opening balance	(62,836)	(54,065)
Loss after income tax	-	(8,771)
Closing balance	(62,836)	(62,836)

24. Reserves and accumulated losses (continued)

(d) Nature and purpose of reserves

(i) Hedging reserve – cash flow hedges

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation on consolidation of the financial statements of the subsidiaries, which do not have an Australian Dollar functional currency.

The OPUS Group funds its foreign operations through the use of internal borrowings between the OPUS Group businesses. These borrowings which are taken out to provide additional equity to the New Zealand operations have been designated as a net investment in the subsidiary. Foreign exchange loss of $1,016,000 (Six months ended 31 December 2014: $498,000) on translation of the loans to Australian Dollars at the end of the reporting period is recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(iii) Share option reserve

The share option reserve comprises the fair value of the share option on issue. On 24 October 2014, the OPUS Group granted 20 million options to 1010 Group to subscribe for 20 million shares of OPUS Group at a total exercise price of $7,000,000 ($0.35 each), exercisable at any time up to and including 30 September 2017 (refer to Note 23).

(iv) Profits reserve

The profits reserve represents profits of controlled entities within OPUS Group transferred to a separate reserve to preserve their profit character. Such profits are available to enable payment of franked dividends in future years. Dividends amounting to $964,000 (Six months ended 31 December 2014: Nil) were distributed from the profits reserve during the year.

(di) Dividend

Dividends paid during the financial year / period were as follows:

	2015 AUD$'000s	**2014 AUD$'000s**
Interim dividend for the year ended 31 December 2015 of 1 cent (Six months ended 31 December 2014: Nil) per ordinary share	964	-
	964	-

On 29 February 2016 the directors declared a final dividend for the year ended 31 December 2015 of 2 cents per ordinary share to be paid on 10 June 2016, a total estimated distribution of $1,928,000 based on the number of ordinary shares on issue as at 29 February 2016. As the dividend was fully franked, there are no income tax consequences for the owners of OPUS Group relating to this dividend.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

25. Contractual commitments for expenditure

(a) Capital commitments

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
Aggregate capital expenditure contracted for at reporting date, but not provided for in the accounts due:		
Plant and equipment	817	176
Total capital commitments	817	176

(b) Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
Not later than one year	3,207	3,544
Later than one year but not later than five years	8,900	7,967
More than five years	2,309	3,087
Total lease commitments	14,416	14,598

Certain of the properties are leased from related parties under non-cancellable operating leases. Refer to Note 27 for details of these related party leases.

(c) Finance lease commitments

	Consolidated 2015 AUD$'000s	2014 AUD$'000s
Commitments in relation to finance lease payments are payable as follows:		
Not later than one year	157	1,259
Later than one year but not later than five years	-	1,025
	157	2,284
Future finance charges	(6)	(166)
Recognised as a liability	151	2,118
Representing finance lease		
Current - Note 20	151	1,139
Non-current - Note 20	-	979
Total finance leases	151	2,118

The OPUS Group leases offices, factories, warehouses, plant and machinery and motor vehicles under non-cancellable operating leases and finance lease arrangements expiring within one to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are generally re-negotiated.

26. Contingent liabilities

The obligations of the OPUS Group under an operating lease agreement and commercial agreements amounts to $701,000 in total, and are secured by a bank guarantee (2014: $701,000).

27. Related parties

(a) Ultimate holding company

At 31 December 2015, 1010 Printing Group Limited holds 61.88% of OPUS Group and is effectively the ultimate holding company of OPUS Group.

(b) Transactions with other related parties

Below are OPUS Group transactions with related parties

Entity	Relationship with OPUS Group	Nature of transactions	Year ended 31 Dec 2015		As at 31 Dec 2015
			AUD		AUD
1010 Printing International Limited	Fellow subsidiary	Outwork	605,169	Payable	699,624
		Sales	2,923,471		
		Purchases	269,056		
		Management fee	695,255		

Entity	Relationship with OPUS Group	Nature of transactions	Six months ended 31 Dec 2014		As at 31 Dec 2014
			AUD		AUD
1010 Printing International Limited	Fellow subsidiary	Outwork	20,382	Payable	3,569
Bookbuilders BVI Limited	Immediate holding	Interest paid	31,110	Payable	-

OPUS Group also incurred outwork and interest expenses to 1010 Printing International Limited and Bookbuilders BVI Ltd of $25,862 and $798,000 for the period from 1 July 2014 to 3 November 2014.

(c) Key management personnel compensation

	Consolidated	
	Year ended 31 Dec 2015 AUD	Six months ended 31 Dec 2014 AUD
Short-term employee benefits	762,291	507,043
Post-employment benefits	43,493	31,398
Long-term benefits	19,403	5,794
Total key management personnel compensation	825,187	544,235

Details of above remuneration disclosures are provided in the Remuneration Report on pages 23 to 28.

(d) Lease costs

Ligare Pty Limited occupies a property in Riverwood, Sydney under a lease agreement with D.M.R.A Property Pty Limited, a company controlled by Mr Celarc, who is a shareholder and Director of OPUS Group Limited. The lease agreement expires in December 2016. Lease fees paid for the year total $654,540 (Six months ended 31 December 2014: $321,756). There was no outstanding balance with D.M.R.A Property Pty Limited at 31 December 2015 (2014: $Nil).

Notes to the Consolidated Financial Statements for the year ended 31 December 2015

27. Related parties (continued)

(e) Consulting fees

Consulting fees paid to Mr Celarc (Director) through Angrich Pty Limited for the year ended 31 December 2015 amounted to $300,000 (Six months ended 31 December 2014: $137,500).

Consulting fees of $919,000 paid to Baron Partners Limited of which Mr Young (Director) is a director and substantial shareholder for the debt restructuring and recapitalisation of the OPUS Group before he was appointed as Non-Executive Director during six months ended 31 December 2014. No fee was paid in 2015. No outstanding due as of 31 December 2014 and 2015.

(f) Issue of shares and options with loan conversion and forgiveness

On 3 November 2014, OPUS Group issued and allotted 59,657,143 fully paid ordinary shares and 20 million options to 1010 Group in accordance to the recapitalisation. 1010 Group forgave the balance of the loan. OPUS Group also issued 8,571,429 shares to Mr Celarc, 11,428,571 shares to professional investors and 1,642,824 shares to existing shareholders and raised a total of $7,576,000, as detailed in Note 23.

(g) Working capital facility

In September 2014, 1010 Group granted a working capital facility of $7,000,000 at an interest rate of 6% p.a. for two years.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

28. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 AUD$'000s	2014 AUD$'000s
Statement of Financial Position		
Current assets	3,383	1,280
Non-current assets	40,820	4,429
Total assets	44,203	5,709
Current liabilities	2,002	1,960
Non-current liabilities	15,814	19,827
Total liabilities	17,816	21,787
Shareholders' equity		
Issued capital	84,928	84,928
Share option reserve	4,810	4,810
Profits reserve	11,083	-
Accumulated losses	(74,434)	(105,816)
Total shareholders' equity / (deficiency)	**26,387**	**(16,078)**

	Year ended 31 Dec 2015 AUD$'000s	Six months ended 31 Dec 2014 AUD$'000s
Profit / (loss) for the year / period	43,429	(42,843)
Transfer to profits reserve	(12,047)	
Share option reserve	-	4,810
Other comprehensive income – movement in cash flow hedges	-	(922)
Total comprehensive income for the year / period	**31,382**	**(38,955)**
Summary of movements in accumulated losses		
Accumulated losses at the beginning of the financial year / period	(105,816)	(62,973)
Profit / (loss) after income tax for the year / period	31,382	(42,843)
Accumulated losses at the end of the financial year / period	**(74,434)**	**(105,816)**
Summary of movements in profits reserve		
Profits reserve at the beginning of the financial year / period	**-**	**-**
Profit / (loss) after income tax for the year / period	12,047	**-**
Dividend paid	(964)	-
Profits reserve at the end of the financial year / period	**11,083**	**-**

(b) Guarantees entered into by the parent entity

At 31 December 2015, there are cross guarantees given by the parent entity as described in Note 29.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2015 (Six months ended 31 December 2014: $Nil).

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

28. Parent entity financial information (continued)

(d) Impairment

OPUS Group Limited recognised a cumulative impairment of non-current assets of $89,955,000 as at 31 December 2015 (Six months ended 31 December 2014: $132,860,000), comprising impairments in subsidiary investments of $29,114,000 (Six months ended 31 December 2014: $64,634,000) and impairment of intercompany receivables of $60,841,000 (Six months ended 31 December 2014: $68,226,000).

29. Deed of Cross Guarantee

OPUS Group Limited, and the following controlled entities, are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

Entities	ACN
McPherson's Printing Pty Limited	004 911 308
Ligare Pty Limited	001 787 275
CanPrint Communications Pty Limited	079 915 932
Cactus Imaging Holdings Pty Limited	129 630 539
CanPrint Holdings Pty Limited	134 477 357
OPUS Group (Australia) Pty Limited	125 553 497
Cactus Imaging Pty Limited	072 625 720
Union Offset Co. Pty Limited	008 458 099
Integrated Print And Logistics Management Pty Limited	086 158 894

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a Financial Report and Directors’ Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a “Closed Group” for the purposes of the Class Order and as there are no other parties to the Deed of Cross Guarantee that are controlled by the OPUS Group, they also represent the “Extended Closed Group”.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

29. Deed of Cross Guarantee (continued)

(a) *Consolidated Statement of Profit or Loss and Other Comprehensive Income and summary of movements in consolidated accumulated losses and profits reserve*

Set out below is a Consolidated Statement of Profit or Loss and Comprehensive Income and summary of movements in consolidated accumulated losses and profits reserve for the year ended 31 December 2015 of the Closed Group.

	Consolidated	
	Year ended 31 Dec 2015 AUD$'000s	**Six months ended 31 Dec 2014 AUD$'000s**
Revenue	94,079	46,533
Other income	1,465	306
Debt forgiveness (net)	-	23,692
Changes in inventories of finished goods, materials and work in progress	(28,437)	(13,307)
Other production costs and freight	(18,483)	(9,115)
Employee benefits expense	(30,951)	(17,551)
Occupancy costs	(2,476)	(1,890)
Depreciation and amortisation expense	(3,052)	(1,993)
Impairment of goodwill	-	(6,445)
Impairment of property, plant and equipment	-	(9,366)
(Reversal of impairment) / impairment of intercompany receivable	1,910	(13,200)
Gain / (loss) on disposal of assets	-	(7)
Other expenses	(6,840)	(4,755)
Operating profit / (loss) before finance costs	7,215	(7,098)
Finance revenue	74	54
Finance expenses	(323)	(1,274)
Net finance costs	(249)	(1,220)
Profit before income tax	6,966	(8,318)
Income tax benefit	2,464	-
Profit / (loss) after income tax	9,430	(8,318)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of cash flow hedges (net of tax)	-	(922)
Other comprehensive income for the year / period, net of tax	**-**	**(922)**
Total comprehensive income for the year / period	**9,430**	**(9,240)**
Summary of movements in accumulated losses		
Accumulated losses at the beginning of the financial year / period	(62,494)	(54,176)
Loss after income tax for the year / period	-	(8,318)
Accumulated losses at the end of the financial year / period	**(62,494)**	**(62,494)**
Summary of movements in profits reserve		
Profits reserve at the beginning of the financial year / period	-	-
Profit after income tax for the year / period	9,430	-
Dividend paid	(964)	-
Profits reserve at the end of the financial year / period	**8,466**	**-**

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015

29. Deed of Cross Guarantee (continued)

(b) Consolidated Statement of Financial Position

Set out below is a Consolidated Statement of Financial Position as at 31 December 2015 of the Closed Group:

	2015 AUD$'000s	2014 AUD$'000s
Current assets		
Cash and cash equivalents	7,865	4,876
Trade and other receivables	14,416	12,129
Inventories	5,163	4,538
Other current assets	1,336	743
Total current assets	28,780	22,286
Non-current assets		
Other non-current assets	530	-
Investments accounted for using the equity method	-	333
Intangibles	-	-
Property, plant and equipment	7,367	10,245
Deferred tax assets	3,065	-
Total non-current assets	10,962	10,578
Total assets	39,742	32,864
Current liabilities		
Trade and other payables	11,312	11,139
Amount due to fellow subsidiary	500	-
Provision for income tax	636	-
Finance leases	110	933
Borrowings	-	1,900
Provisions	-	698
Employee benefits	5,006	4,381
Total current liabilities	17,564	19,051
Non-current liabilities		
Deferred tax liabilities	86	-
Finance leases	-	947
Provisions	915	-
Employee benefits	448	614
Total non-current liabilities	1,449	1,561
Total liabilities	19,013	20,612
Net assets	**20,729**	**12,252**
Equity		
Contributed equity	70,594	70,594
Reserves	4,163	4,152
Profits reserve	8,466	-
Accumulated losses	(62,494)	(62,494)
Total equity	**20,729**	**12,252**

29. Deed of Cross Guarantee (continued)

(c) Impairment

The Closed Group recognised the following cumulative impairment of assets as at 31 December 2015.

	2015 AUD$'000s	2014 AUD$'000s
Impairment of goodwill	36,597	36,597
Impairment of investment in associate	-	182
Impairment of investment subsidiary	5,376	5,376
Impairment of intercompany receivable	19,772	21,682

Directors' Declaration

In the Directors' opinion:

(a) the consolidated financial statements and Notes set out on pages 38 to 89 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
(ii) giving a true and fair view of OPUS Group's financial position as at 31 December 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended Closed Group identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 29.

Note 1(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer required by 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

Richard Celarc
Chairman
29 February 2016, Sydney

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

INDEPENDENT AUDITOR'S REPORT

To the members of OPUS Group Limited

Report on the Financial Report

We have audited the accompanying financial report of OPUS Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of OPUS Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of OPUS Group Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 28 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of OPUS Group Limited for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Craig Maxwell

Craig Maxwell
Partner

Sydney, 29 February 2016

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ADDITIONAL INFORMATION

Additional information as required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholder Information

As at 26 February 2016 the OPUS Group had 597 holders of Fully Paid Ordinary Shares.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

Distribution of Shares (as at 26 February 2016)

Number of Shares	Fully Paid Ordinary Shares	Number of Holders
1-1,000	26,561	221
1,001-5,000	307,946	119
5,001-10,000	496,879	72
10,001-100,000	5,393,199	140
100,001-over	90,189,011	45
	96,413,596	**597**

The number of shareholders holding less than a marketable parcel is 223.

Substantial Shareholders

The following shareholders are recorded as substantial shareholders:

Holder	Number of Shares	Last Notified	% of Issued Capital
1010 Printing Group Ltd	59,657,143	5 December 2014	61.88%
Richard Francis Celarc & his associates	12,334,647	8 February 2016	12.79%
Knox Investment Partners & its associates	6,271,001	16 June 2015	6.50%
	78,262,791		**81.17%**

ADDITIONAL INFORMATION cont.

Twenty Largest Shareholders (as at 26 February 2016)

Rank	Name	Units	% of Units
1	BOOKBUILDERS BVI LIMITED	59,657,143	61.876
2	MR RICHARD FRANCIS CELARC	8,571,429	8.890
3	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	6,367,081	6.604
4	DMRA PROPERTY PTY LIMITED	2,918,408	3.027
5	BFA SUPER PTY LTD <GDN SUPER FUND A/C>	776,660	0.806
6	CVC LIMITED	708,580	0.735
7	PICTON COVE PTY LTD	700,000	0.726
8	J C O`SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	650,000	0.674
9	MR RICHARD CELARC <RICHARD CELARC FAMILY A/C>	587,030	0.609
10	AGRICO PTY LTD <PALM SUPER FUND A/C>	500,000	0.519
11	CLAPSY PTY LTD <BARON SUPER FUND A/C>	500,000	0.519
12	MR PETER ROBERT LEMON	500,000	0.519
13	TAKATIMU INVESTMENTS LIMITED <TAKATIMU INVESTMENT A/C>	464,134	0.481
14	MRS ALISON LORD PURVES	440,000	0.456
15	KAZAKCO PTY LTD <KENT FAMILY A/C>	400,000	0.415
16	MR GREGORY JOHN HEWETT & MRS LORRAINE SHIRLEY HEWETT <AMIENS SUPER FUND A/C>	370,000	0.384
17	N SHARP SUPERANNUATION PTY LTD <N SHARP SUPER FUND A/C>	350,000	0.363
18	MR PETER JOHN STIRLING & MRS ROSALIND VERENA STIRLING	350,000	0.363
19	AUST EXECUTOR TRUSTEES LTD <CYAN C3G FUND>	300,000	0.311
20	FORDHOLM CONSULTANTS PTY LTD <DIANA BOEHME SUPER FUND A/C>	300,000	0.311

Share Buy-Backs

There is no current on-market buy-back scheme.

Other Information

OPUS Group Limited, incorporated and domiciled in Australia, is a Listed Public Company limited by Shares.


coles
TRANSFORMERS
OPTIMUS PRIME
Kinder
Coffee
12 items or less
1/2 Price

CONTENT
FASTER
SMARTER

OPUS GROUP