

24 AUGUST 2017

RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

HIGHLIGHTS

- Operational results deliver a **\$3.2 million profit after tax**, EPS of 3.37 cents and a **fully franked dividend** of 1 cent per share
- **Steady growth** in profit before tax recorded in our core business, book and book-like printing in the niche markets within Australia
- **Continued efforts for ongoing operational efficiency** of the core Publishing Services business
- **Strong cash flow generation** enabling acquisition of selected speciality assets
- **Increasing benefits from joint initiatives** with our majority shareholder, Lion Rock Group Limited (formerly known as “1010 Printing Group Limited”), including ability to offer customers multi-country print solutions and procurement savings

OPUS Group Limited (‘OPUS’ or the ‘Group’) (ASX: OPG) is a group of leading specialist print and related services businesses, supported by a strong relationship with its Hong Kong listed 75% shareholder, Lion Rock Group Limited, which is headquartered in Hong Kong with sales office in 12 major cities worldwide.

FINANCIAL RESULTS OVERVIEW

A \$000	Half-year ended 30 June 2017	Half-year ended 30 June 2016	Change % Favourable/ (Unfavourable)
Continuing Operations *			
Revenue	39,692	42,006	(6%)
EBITDA	5,270	5,278	(0%)
Profit before tax	4,523	4,301	5%
Profit after tax	3,233	3,021	7%
Discontinued Operation**			
Profit after tax	-	4,480	(100%)
Total profit after tax	3,233	7,501	(57%)
Earnings per share	3.37 Cents	7.78 Cents	(57%)
Fully franked dividend per share	Ordinary: 1 Cent	Ordinary: 1 Cent Special: 1 Cent	(50%)

* Publishing Services

** C.O.S. Printing (Singapore) and Cactus Group disposed in 2016

The Board has today declared a 1 cent ordinary dividend per share in respect of the half-year ended 30 June 2017.

Commenting on the half year result released today, OPUS Chairman Mr Richard Celarc said:

“Our half-year results with increased profit levels compared to prior year are a pleasing reflection of the progress we’ve made with a focused approach following last year’s considered steps to dispose non-core operations. The continued hands-on approach to manage our core operations in Australia is yielding positive outcomes for growth and operational efficiency.

Our debt-free balance sheet and strong cash flow position enables the business to consider acquisition opportunities of select assets as we continue to meet ongoing challenges in our market space. Looking to the 2nd half of 2017, we expect to be a group that continue to excel in faster delivery of high quality products to service our customers and deliver results to our shareholders.”

PERFORMANCE

A \$000	Half-year ended 30 June 2017	Half-year ended 30 June 2016	Change % Favourable/ (Unfavourable)
Revenue	39,692	42,006	(6%)
Other income	521	604	(14%)
Operating expenses	(34,943)	(37,332)	6%
EBITDA	5,270	5,278	(0%)
Profit before tax	4,523	4,301	5%

The continuing operations represent the core business and focus of OPUS Group. The business recorded a sales decline of 6% or \$2,314,000 over the prior comparative period. This has been driven by the net effect of commencement of new businesses in middle of 2016 and early 2017 and reduction of printing spend of existing customers through online publications.

Operating expenses from continuing operations of Publishing Services Division has been reduced by 6% or \$2,389,000 as a result of the synergies of partnering with Lion Rock Group Limited (formerly known as “1010 Printing Group Limited”) to strengthen sourcing networks, bargaining power as well as cost efficiency management.

Profit before tax of the core business increased from \$4,301,000 in half-year ended 2016 to \$4,523,000 in half-year ended 2017 which reflects the enhancement of productivity after the divestment decision made in the prior year.

DIVESTED BUSINESSES RESULTS

Publishing Services & Outdoor Media

A \$000	Half-year ended 30 June 2017	Half-year ended 30 June 2016	Change % Favourable/ (Unfavourable)
Revenue	-	11,004	(100%)
Other income	-	3,884	(100%)
Operating expenses	-	(9,564)	(100%)
EBITDA	-	5,324	(100%)
Profit before tax	-	4,804	(100%)

The comparative period showed the result from discontinued operations of C.O.S. Printers Pte Ltd under Publishing Services Division and Cactus Group under Outdoor Media Division, which were disposed on 10 May 2016 and 1 August 2016, respectively. As a result of these disposals, OPUS Group's activities consist solely of its Publishing Services Division within Australia.

OUTLOOK

The Board expects that solid progress will continue with the Group now well placed to execute on the opportunities in its Publishing Services Division and continue to meet and exceed the expectations of its stakeholders.

**CONTENT
FASTER
SMARTER**



ABOUT OPUS GROUP

OPUS Group is an Australian group of three specialist print and related services businesses, each a leader in their individual market.

Operations are based in Australia and there is a strong operating relationship with OPUS Group's 74.67% shareholder, Lion Rock Group Limited (formerly known as "1010 Printing Group Limited") which is headquartered in Hong Kong with sales office in 12 major cities worldwide.

Servicing multiple industries, OPUS Group is the preferred partner to many of the world's largest publishers.

Contacts:

For investors & media:

Idy Lam (Executive Director and Group CFO) +61 2 9584 7651

1. Company details

Name of entity: Opus Group Limited
A.B.N.: 48 006 162 876
Reporting period: For the half-year ended 30 June 2017
Previous period: For the half-year ended 30 June 2016

2. Results for announcement to the market

	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s	Change %
Revenue from continuing operations	39,692	42,006	(6%)
Profit after income tax from continuing operations	3,233	3,021	7%
Profit after income tax from discontinued operations	-	4,480	(100%)
Net profit attributable to the owners of Opus Group Limited	3,233	7,501	(57%)

For review of result, refer to Review of Operations included in Directors' Report.

3. Distributions

	Record date	Payment date	Amount per shares Cent	Franked amount per shares Cent
Distribution declared on 24 August 2017				
- Interim dividend	4 Sep 2017	15 Sep 2017	1	1

4. Net tangible assets

	Half-year ended 30 Jun 2017 Cents	Year ended 31 Dec 2016 Cents
Net tangible assets per ordinary share	33.07	31.14

5. Audit status

The consolidated financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

The Interim Report of Opus Group Limited for the half-year ended 30 June 2017 is attached.

7. Signed



Richard Celarc
Chairman
Sydney

Date: 24 August 2017

Opus Group Limited and Controlled Entities

A.B.N. 48 006 162 876

Interim Report - 30 June 2017

OPUS Group Limited and Controlled Entities
Directors' Report
30 June 2017

The directors present their report, together with the consolidated financial statements, on the consolidated entity (referred to hereafter as the "OPUS Group" or the "Group") consisting of Opus Group Limited (referred to hereafter as the 'Company' or the 'parent entity') and the entities it controlled during the half-year ended 30 June 2017.

(a) Directors

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

Richard F. Celarc
C. K. Lau
M. L. Lam
Paul A. Young

(b) Principal Activities

The principal activities of the OPUS Group are providing 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 and read for pleasure. As well as, 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. Upon the disposal of Cactus Imaging Pty Ltd and Cactus Imaging Holdings Pty Ltd (the "Cactus Group") on 1 August 2016, OPUS Group ceased activities in outdoor media business.

(c) Review of Operations

HALF-YEAR OF 30 JUNE 2017 OPERATING RESULT, FINANCIAL SUMMARY AND COMMENTARY

OPUS Group continuing operations generated revenue of \$39,692,000 which decreased by 6% when compared to the prior period (half-year ended 30 Jun 2016: \$42,006,000). The profit from continuing operations of OPUS Group after income tax amounted to \$3,233,000 which increased by 7% when compared to the prior period (half-year ended 30 Jun 2016: \$3,021,000). The profit from discontinued operations in the prior period amounted \$4,480,000 comprised of \$3,806,000 from C.O.S. Printers Pte Ltd ("C.O.S.") and \$674,000 from Cactus Group which were disposed on 10 May 2016 and 1 August 2016, respectively.

Reported Financial Performance

	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s	% Change Favourable/ (Unfavourable)
Revenue from continuing operations	39,692	42,006	(6%)
Operating expenses	(35,709)	(38,300)	7%
Other income	521	604	(14%)
Operating profit before net finance income/(costs) from continuing operations	4,504	4,310	5%
Net finance income/(costs)	19	(9)	311%
Profit before income tax from continuing operations	4,523	4,301	5%
Income tax expense	(1,290)	(1,280)	(1%)
Profit after income tax from continuing operations	3,233	3,021	7%
Profit from discontinued operations (net of income tax)	-	4,480	(100%)
Profit for the half-year ended	3,233	7,501	(57%)

(c) Review of Operations (Continued)

HALF-YEAR OF 30 JUNE 2017 OPERATING RESULT, FINANCIAL SUMMARY AND COMMENTARY (CONTINUED)

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

	30 Jun 2017 AUD\$'000s	31 Dec 2016 AUD\$'000s
Total current assets	42,382	36,897
Total current liabilities	(14,627)	(16,390)
Net current assets	27,755	20,507
Finance lease liabilities	(282)	(90)
Cash and cash equivalents	24,155	17,519
Net cash	23,873	17,429
Total equity	35,285	28,730

The Consolidated Financial Position of OPUS Group continues its improvement after the recapitalisation transaction in late 2014. As at 30 Jun 2017, OPUS Group had total equity of \$35,285,000 (31 Dec 2016: \$28,730,000) after the share buy-back of \$2,676,000 and the ultimate parent Lion Rock Group Limited (formerly known as "1010 Printing Group Limited") exercised 20 million of share options amounting to \$7,000,000 at \$0.35 each.

There is net working capital of \$27,755,000 (31 Dec 2016: \$20,507,000). The current ratio is 2.9 (31 Dec 2016: 2.3). OPUS Group had cash of \$24,155,000 (31 Dec 2016: \$17,519,000). The borrowings of OPUS Group are represented by finance lease liabilities of \$282,000 (31 Dec 2016: \$90,000). OPUS Group's gearing ratio, which is calculated on the basis of the total interest-bearing debts over the total equity, is 0.8% (31 Dec 2016: 0.3%).

(d) Rounding of Amounts

OPUS Group Limited is a Company of the kind referred to in the Australian Securities and Investment Commission ("ASIC") Corporation (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016. Amounts in the Financial Report and Directors' Report have been rounded off in accordance with legislative instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(e) Auditor's independence declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 30 June 2017.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3) (a) of the *Corporations Act 2001*.



Richard Celarc
Chairman

24 August 2017
Sydney

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF OPUS GROUP LIMITED

As lead auditor for the review of Opus Group Limited for the half-year ended 30 June 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



John Bresolin
Partner

BDO East Coast Partnership

Sydney, 24 August 2017

Opus Group Limited and Controlled Entities
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30 June 2017

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General information

The consolidated financial statements cover Opus Group Limited as a consolidated entity consisting of Opus Group Limited and the entities it controlled at the end of, or during, the half-year. The consolidated financial statements are presented in Australian dollars, which is Opus Group Limited's functional and presentation currency.

Opus Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office and principal place of business

138 Bonds Road,
Riverwood, NSW 2210

A description of the nature of the OPUS Group's operations and its principal activities are included in the Directors' Report, which is not part of the consolidated financial statements.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2017.

OPUS Group Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 30 June 2017

		Consolidated	
	Note	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Continuing Operations			
Revenue	4	39,692	42,006
Other income	6	521	604
Expenses:			
Changes in inventories of finished goods, materials and work in progress		(12,015)	(13,616)
Other production costs and freight		(8,246)	(8,121)
Employee benefits expense		(12,675)	(12,902)
Occupancy costs		(1,058)	(1,016)
Depreciation and amortisation expense		(766)	(968)
Other expenses		(949)	(1,677)
Operating profit before net finance income/(costs) from continuing operations		4,504	4,310
Net finance income/(costs)		19	(9)
Profit before income tax from continuing operations	7	4,523	4,301
Income tax expense	8	(1,290)	(1,280)
Profit after income tax from continuing operations		3,233	3,021
Discontinued operations			
Profit after income tax from discontinued operations	5	-	4,480
Profit for the half-year ended		3,233	7,501
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
De-recognition to profit or loss on disposal of discontinued operations		101	816
Exchange differences on translation of foreign operations		3	(46)
Other comprehensive income for the half-year ended, net of income tax		104	770
Total comprehensive income for the half-year ended		3,337	8,271
Earnings per share			
		Cents	Cents
Basic earnings per share			
Earnings from continuing operations	3	3.37	3.13
Earnings from discontinued operations	3	-	4.65
Total		3.37	7.78
Diluted earnings per share			
Earnings from continuing operations	3	3.23	2.95
Earnings from discontinued operations	3	-	4.37
Total		3.23	7.32

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

OPUS Group Limited and Controlled Entities
Consolidated Statement of Financial Position as at 30 June 2017

	Note	Consolidated	
		30 Jun 2017 AUD\$'000s	31 Dec 2016 AUD\$'000s
Current assets			
Cash and cash equivalents		24,155	17,519
Trade and other receivables		11,987	14,352
Inventories		5,104	3,765
Other current assets		1,136	1,261
Total current assets		42,382	36,897
Non-current assets			
Property, plant and equipment		7,103	7,063
Deferred tax assets		2,539	2,632
Other non-current assets		457	262
Total non-current assets		10,099	9,957
Total assets		52,481	46,854
Current liabilities			
Trade and other payables		10,754	12,320
Finance lease liabilities		54	17
Employee benefits		3,695	3,945
Provision for income tax		124	108
Total current liabilities		14,627	16,390
Non-current liabilities			
Deferred tax liabilities		406	301
Finance lease liabilities		228	73
Employee benefits		259	243
Provisions		1,676	1,117
Total non-current liabilities		2,569	1,734
Total liabilities		17,196	18,124
Net assets		35,285	28,730
Equity			
Share capital	9	15,131	6,036
Reserves		4,885	9,591
Profits reserve		15,269	13,103
Total equity		35,285	28,730

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

OPUS Group Limited and Controlled Entities
Consolidated Statement of Changes in Equity for the half-year ended 30 June 2017

Consolidated	Note	Share capital AUD\$'000s	Reserves AUD\$'000s	Profits reserve AUD\$'000s	Accumulated losses AUD\$'000s	Total AUD\$'000s
Balance at 1 January 2016		70,594	8,808	11,083	(62,836)	27,649
Profit after income tax		-	-	7,501	-	7,501
Other comprehensive income, net of tax		-	770	-	-	770
Total comprehensive income for the half-year ended		-	770	7,501	-	8,271
<i>Transactions with owners in their capacity as owners</i>						
Dividend paid	10	-	-	(10,605)	-	(10,605)
Capital reduction	9	(62,495)	-	-	62,495	-
Total changes in ownership interests		(62,495)	-	(10,605)	62,495	(10,605)
Balance at 30 June 2016		8,099	9,578	7,979	(341)	25,315

Consolidated	Note	Share capital AUD\$'000s	Reserves AUD\$'000s	Profits reserve AUD\$'000s	Accumulated losses AUD\$'000s	Total AUD\$'000s
Balance at 1 January 2017		6,036	9,591	13,103	-	28,730
Profit after income tax		-	-	3,233	-	3,233
Other comprehensive income, net of tax		-	104	-	-	104
Total comprehensive income for the half-year ended		-	104	3,233	-	3,337
<i>Transactions with owners in their capacity as owners</i>						
Dividend paid	10	-	-	(1,067)	-	(1,067)
Share buy-back, net of transaction costs	9	(2,699)	-	-	-	(2,699)
Share options exercised, net of transaction costs	9	6,984	-	-	-	6,984
Transfer	9	4,810	(4,810)	-	-	-
Total changes in ownership interests		9,095	(4,810)	(1,067)	-	3,218
Balance at 30 June 2017		15,131	4,885	15,269	-	35,285

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 half-year ended 30 June 2017

		Consolidated	
	Note	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		46,617	54,852
Payments to suppliers and employees (inclusive of GST)		(41,407)	(48,813)
Interest received		134	75
Interest paid		(109)	(265)
Net income tax paid		(1,076)	(2,321)
Net cash inflows from continuing operations		4,159	3,528
Net cash inflows from discontinued operations – Cactus Group	5	-	886
Net cash inflows from operating activities		4,159	4,414
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(717)	(1,156)
Proceeds from the disposal of property, plant and equipment		25	-
Net cash outflows on disposal of a subsidiary		(25)	-
Net cash outflows from continuing operations		(717)	(1,156)
Net cash outflows from discontinued operations – Cactus Group	5	-	(484)
Net cash inflows on disposal of C.O.S.	5	-	8,779
Net cash inflows/(outflows) from investing activities		(717)	7,139
Cash flows from financing activities			
Dividends paid		(1,067)	(10,605)
Payment for share buy-back		(2,676)	-
Transaction costs arising on share buy-back		(23)	-
Proceeds from share options exercised		7,000	-
Transaction costs arising on share options exercised		(16)	-
Repayment of finance leases		(27)	(24)
Net cash outflows from continuing operations		3,191	(10,629)
Net cash outflows from discontinued operations – Cactus Group	5	-	(69)
Net cash inflows/(outflows) from financing activities		3,191	(10,698)
Net increase in cash and cash equivalents during the half-year ended		6,633	855
Cash and cash equivalents at the beginning of the half- year ended		17,519	11,459
Net effect of exchange rate changes on cash		3	(74)
Cash and cash equivalents held at the end of the half-year ended		24,155	12,240

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

1. Summary of significant accounting policies

(i) Statement of Compliance

These general purpose consolidated interim financial statements for the half-year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of OPUS Group and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 24 August 2017.

(ii) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost. All amounts are presented in Australian dollars, unless otherwise noted. The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Comparative information in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows has been presented for the half-year ended 30 June 2016. When necessary, the comparative figures have been adjusted to conform to changes in presentation in the current period.

(iii) Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2016 annual financial report for the financial year ended 31 December 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amended Accounting Standards and Interpretations adopted

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

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

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Amendments to AASB 107 Statement of Cash Flows require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

New, revised or amended Accounting Standards and Interpretations not yet mandatory or early adopted

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The directors' assessment on the impact of these new *Australian Accounting Standards and Interpretations* have been outlined in the Company's 2016 annual financial report for the financial year ended 31 December 2016.

(iv) Estimates

When preparing the interim financial statements, there are a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the OPUS Group's last annual financial statements for the year ended 31 December 2016.

2. Significant events and transactions

There are no significant changes in financial position and performance of the OPUS Group since the end of the last annual financial statements for the year ended 31 December 2016.

3. Earnings per share

	Consolidated Half-year ended 30 Jun 2017	Half-year ended 30 Jun 2016
Basic earnings per share (cents ¢)		
Earnings from continuing operations	3.37	3.13
Earnings from discontinued operations	-	4.65
Total	3.37	7.78
Diluted earnings per share (cents ¢)		
Earnings from continuing operations	3.23	2.95
Earnings from discontinued operations	-	4.37
Total	3.23	7.32

	Consolidated Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Earnings from continuing operations used in calculating basic and diluted earnings per share	3,233	3,021
Earnings from discontinued operations used in calculating basic and diluted earnings per share	-	4,480
	'000s	'000s
Weighted average number of ordinary shares used as the denominator in calculating the basic profit per share	95,851	96,414
Adjustments for calculation of diluted earnings per share: Share options	4,142	6,003
Weighted average number of ordinary shares used as the denominator in calculating the diluted profit per share	99,993	102,417

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.

(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.

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

Upon the disposal of the Cactus Group on 1 August 2016, OPUS Group ceased activities in Outdoor Media Division. It's presented as discontinued operations under Outdoor Media segment in the current period and comparative period.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
for the half-year ended 30 June 2017

4. Segment reporting (Continued)

(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) Inter-segment 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 assesses 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 accounting purposes.

A reconciliation of EBITDA to the profit before income tax per the Consolidated Statement of Profit or Loss and Other Comprehensive Income is as follows:

	Consolidated	
	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
EBITDA on ordinary activities from continuing operations	5,270	5,278
Depreciation and amortisation expense	(766)	(968)
Net finance income/(costs)	19	(9)
Profit before income tax from continuing operations	4,523	4,301

(e) Segment Information

Half-year ended 30 Jun 2017	Publishing AUD\$'000s	Outdoor Media AUD\$'000s	Others* AUD\$'000s	Loss on disposal of subsidiary+ AUD\$'000s	Inter-Segment Eliminations AUD\$'000s	Total AUD\$'000s
Continuing Operations						
External revenue	39,692	-	-	-	-	39,692
Other income	492	-	29	-	-	521
Operating expenses	(34,553)	-	(257)	(133)	-	(34,943)
EBITDA from Continuing Operations	5,631	-	(228)	(133)	-	5,270
Depreciation and amortisation expense	(765)	-	(1)	-	-	(766)
Net finance income/(cost)	(14)	-	33	-	-	19
Profit before income tax from Continuing Operations	4,852	-	(196)	(133)	-	4,523
Profit before income tax from Discontinued Operations	-	-	-	-	-	-
Total consolidated segment result	4,852	-	(196)	(133)	-	4,523

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
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4. Segment reporting (Continued)

(e) Segment Information (continued)

Half-year ended

30 Jun 2016

	Publishing AUD\$'000s	Outdoor Media AUD\$'000s	Others* AUD\$'000s	Gain on disposal of subsidiary+ AUD\$'000s	Inter-Segment Eliminations AUD\$'000s	Total AUD\$'000s
Continuing Operations						
External revenue	42,003	3	-	-	-	42,006
Other income	386	1	217	-	-	604
Operating expenses	(36,137)	(2)	(1,253)	-	60	(37,332)
EBITDA from Continuing Operations	6,252	2	(1,036)	-	60	5,278
Depreciation and amortisation expense	(940)	-	(28)	-	-	(968)
Net finance income/(cost)	(19)	-	10	-	-	(9)
Profit before income tax from Continuing Operations	5,293	2	(1,054)	-	60	4,301
Discontinued Operations						
External revenue	5,297	5,707	-	-	-	11,004
Intersegment sales	-	60	-	-	(60)	-
Other income	225	70	-	3,589	-	3,884
Operating expenses	(5,000)	(4,564)	-	-	-	(9,564)
EBITDA from Discontinued Operations	522	1,273	-	3,589	(60)	5,324
Depreciation and amortisation expense	(99)	(241)	-	-	-	(340)
Net finance income/(cost)	(156)	(24)	-	-	-	(180)
Profit before income tax from Discontinued Operations	267	1,008	-	3,589	(60)	4,804
Total consolidated segment result	5,560	1,010	(1,054)	3,589	-	9,105

* Included in "Others" are the Group's activities in finance revenue and costs, staff costs and other corporate activities incurred under central corporate and treasury function which are not able to allocate to neither Publishing nor Outdoor Media segment.

+ Loss on disposal of subsidiary during the half-year ended 30 June 2017 represented \$133,000 from disposal of Ligare Limited in New Zealand (30 June 2016: Gain of \$3,589,000 from disposal of C.O.S.).

(f) 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.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
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5. Discontinued operations

(a) Disposal of C.O.S.

On 29 March 2016, the Group entered into a conditional sale and purchase agreement to dispose of its 100% interest in C.O.S., a wholly owned subsidiary of the Group. The proceeds of the disposal of \$11,300,000 were received in cash. This transaction was completed on 10 May 2016. The profit for the half-year ended from the discontinued operations is analysed as follows:

	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Revenue	-	5,297
Operating expenses	-	(5,030)
Profit before income tax	-	267
Gain on disposal of C.O.S.	-	3,589
Profit before income tax	-	3,856
Income tax expense	-	(50)
Profit after income tax	-	3,806

The net cash outflows of C.O.S. are, as follows:

	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Operating activities	-	(202)
Investing activities	-	(81)
Net cash outflow for the half-year ended	-	(283)

The net assets of C.O.S. and the net cash inflows at the date of disposal were as follows:

	At date of disposal AUD\$'000s
Total consideration received	11,300
Carrying value of net assets of C.O.S. sold	(6,895)
Gain on disposal before de-recognition of foreign currency translation reserve	4,405
De-recognition of foreign currency translation reserve	(816)
Gain on disposal of C.O.S.	3,589
Total consideration received in cash	11,300
Cash and cash equivalents held at C.O.S.	(2,521)
Net cash inflows on disposal of C.O.S.	8,779

5. Discontinued operations (continued)

(b) Disposal of Cactus Group

The assets and liabilities of Cactus Group were classified as held for sale at 30 June 2016. The associated earnings, for the current and comparative periods, have been classified as discontinued operations in the Consolidated Statement of Profit or Loss and other Comprehensive Income and all associated disclosure notes in this report.

On 27 July 2016, the Group entered into another conditional sale and purchase agreement to dispose the shares of Cactus Group. The proceeds of the disposal of \$5,839,000 were received in cash. This transaction was completed on 1 August 2016. The profit for the half-year ended from the discontinued operation is analysed as follows:

	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Revenue	-	5,707
Operating expenses	-	(4,759)
Profit before income tax	-	948
Income tax expense	-	(274)
Profit after income tax	-	674

The net cash inflows of Cactus Group are, as follows:

	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Operating activities	-	886
Investing activities	-	(484)
Financing activities	-	(69)
Net cash inflows for the half-year ended	-	333

6. Other income

	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Scrap recoveries	337	201
Insurance refund	14	105
Discount received	50	97
Other	120	201
Total other income	521	604

7. Profit before income tax from continuing operations

Profit before income tax from continuing operations includes the following items which require specific disclosure:

	Consolidated Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Reversal of bad debts provision	(132)	(67)
Provision for/(reversal of) obsolete stock	(103)	104
Minimum lease payments related to operating leases	1,277	1,361
Superannuation	955	1,063
Realised foreign exchange gains	(5)	(53)

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
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8. Income tax expense

The Group calculates the half-year ended income tax expense using the tax rate of 30% (30 June 2016: 30%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The major components of income tax expense in the Consolidated Statements of Profit or Loss are:

	Consolidated	
	Half-year ended 30 Jun 2017 AUD\$'000s	Half-year ended 30 Jun 2016 AUD\$'000s
Current tax expense	1,155	976
Deferred tax expense	197	3
Under/(over) provision of previous periods	(62)	301
Total income tax expense	1,290	1,280

9. Share capital

		Consolidated		Consolidated	
	note	30 Jun 2017 Shares	31 Dec 2016 Shares	30 Jun 2017 AUD\$'000s	31 Dec 2016 AUD\$'000s
Ordinary shares					
Fully paid		92,257,662	96,413,596	6,036	70,594
Capital reduction	(a)	-	-	-	(62,495)
Share buy-back	(b)	(5,574,113)	(4,155,934)	(2,676)	(1,996)
Less: transaction costs arising on share buy-back		-	-	(23)	(67)
Exercise of share options	(c)	20,000,000	-	7,000	-
Less: transaction costs arising on exercise of share options		-	-	(16)	-
Transfer from share option reserve		-	-	4,810	-
Fully paid		106,683,549	92,257,662	15,131	6,036

- (a) On 29 April 2016, the board of directors resolved to reduce the share capital amount of the Company by \$62,495,000 in accordance with section 258F of *Corporation Act 2001*. The capital reduction had the effect of reducing the share capital account and "Accumulated Losses" in the financial statements and did not impact the net assets, financial results, cash flow, funding of the consolidated group or the number of shares issued. As at 1 January 2016, the Company has accumulated losses of approximately \$62,495,000 and its net assets were less than its share capital. The deficiency in net assets arose primarily as a result of the impairment of goodwill and plant and equipment and high finance costs in previous financial years.
- (b) An extraordinary general meeting was held on 8 December 2016 to approve a maximum of 20 million shares under the on-market share buy-back, which was commenced on 9 December 2016 and remains open until the earlier of 8 December 2017 or when 20 million shares have been bought back. As of 30 June 2017, OPUS bought back and fully cancelled 5,574,113 shares (31 December 2016: 4,155,934 shares).
- (c) During the half-year ended 30 June 2017, the ultimate parent Lion Rock Group Limited (formerly known as "1010 Printing Group Limited") exercised 20 million of share options amounted \$7,000,000 at \$0.35 each. As of 30 June 2017, there were no outstanding share options.

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 there is no limit on the amount of authorised capital.

10. Equity - dividends

Distributions paid in respect of the half-year ended 30 June 2017 were \$1,067,000 (30 June 2016: \$10,605,000).

On 24 August 2017, the directors declared 1 cent interim dividend per share in respect of the year ending 31 December 2017. The dividends are to be paid on 15 September 2017 with a record date on 4 September 2017, a total estimated distribution of \$1,067,000 based on the number of ordinary shares on issue as at 24 August 2017. All dividends are fully franked.

OPUS Group Limited and Controlled Entities
Notes to the Consolidated Financial Statements
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11. Contractual commitments for expenditure

(a) Capital commitments

	Consolidated	
	30 Jun 2017	31 Dec 2016
	AUD\$'000s	AUD\$'000s
Aggregate capital expenditure contracted for at reporting date, but not provided for in the accounts due:		
Plant and equipment	76	168
Total capital commitments	76	168

(b) Lease commitments

	Consolidated	
	30 Jun 2017	31 Dec 2016
	AUD\$'000s	AUD\$'000s
Non-cancellable operating lease rentals are payable as follows:		
Not later than one year	3,331	2,667
Later than one year but not later than five years	4,941	6,529
More than five years	-	234
Total lease commitments	8,272	9,430

(c) Finance lease commitments

	Consolidated	
	30 Jun 2017	31 Dec 2016
	AUD\$'000s	AUD\$'000s
Commitments in relation to finance lease payments are payable as follows:		
Not later than one year	71	22
Later than one year but not later than five years	255	85
	326	107
Future finance charges	(44)	(17)
Recognised as a liability	282	90
Representing finance leases		
Current	54	17
Non-current	228	73
Total finance leases	282	90

The OPUS Group leases offices, factories, warehouses and plant and machinery under non-cancellable operating leases and finance lease arrangements expiring within one to eight years. The leases vary in contract period, escalation clauses and renewal rights depending on the assets involved. On renewal, the terms of the lease are generally re-negotiated.

12. Contingent liabilities

The obligations of the controlled entities under an operating lease agreement and commercial agreements amounts to \$550,000 in total and are secured by a bank guarantee (31 December 2016: \$550,000).

13. Fair value measurement of financial instruments

The financial assets and liabilities included in the current assets and liabilities in the Consolidated Statement of Financial Position are carried at amounts that approximate net fair values. As at reporting date there were no financial assets and liabilities recognised in the Consolidated Statement of Financial Position using fair value measurements.

14. Subsequent events

From the end of the report period to the date of this report, there was no matter or circumstance that arose which has significant 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.

**OPUS Group Limited and Controlled Entities
Directors' Declaration**

In accordance with a resolution of the Directors of OPUS Group Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 18, are in accordance with the *Corporations Act 2001* , including:
 - a. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* ; and
 - b. Giving a true and fair view of the OPUS Group Limited and Controlled Entities' financial position as at 30 June 2017 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

On behalf of the Directors,

This declaration is made in accordance with a resolution of the Directors made pursuant to section 303(5) (a) of the *Corporation Act 2001*.



Richard Celarc
Chairman
24 August 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Opus Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Opus Group Limited, which comprises the consolidated statement of financial position as at 30 June 2017, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Opus Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Opus Group Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'J Bresolin', is written over a faint, larger 'BDO' logo.

John Bresolin
Partner

Sydney, 24 August 2017